SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-KSB

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

For the fiscal year ended June 30, 1999

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

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]

The aggregate market value as at September 15, 1999 of the Common Stock of the issuer, its only class of voting stock, held by non-affiliates was approximately $3,642,000 calculated on the basis of the mean between the high bid and low asked prices of the Company's Common Stock on the Nasdaq Electronic Bulletin Board 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 September 15, 1999 was 6,925,000.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the issuer's Proxy Statement relating to its 1999 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11 and 12 in Part III of this Report.

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," ARE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 (THE "REFORM ACT"). WHEN USED IN THIS REPORT, WORDS SUCH AS "MAY," "SHOULD," "SEEK," "BELIEVE," "EXPECT," ANTICIPATE," "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, OPERATIONS, BUSINESS STRATEGY, OPERATING RESULTS AND FINANCIAL POSITION. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES THAT MAY CAUSE ACTUAL RESULTS, TRENDS, PERFORMANCE OR ACHIEVEMENTS OF THE COMPANY, OR INDUSTRY TRENDS AND RESULTS, TO DIFFER MATERIALLY FROM THE FUTURE RESULTS, TRENDS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. SUCH RISKS AND UNCERTAINTIES INCLUDE, AMONG OTHERS: GENERAL ECONOMIC AND BUSINESS CONDITIONS, AS WELL AS INDUSTRY CONDITIONS AND TRENDS, INCLUDING SUPPLY AND DEMAND; CHANGES IN BUSINESS STRATEGY OR DEVELOPMENT PLANS; THE AVAILABILITY, TERMS AND DEPLOYMENT OF DEBT AND EQUITY CAPITAL; TECHNOLOGY CHANGES; COMPETITION AND OTHER FACTORS WHICH MAY AFFECT PRICES WHICH THE COMPANY MAY CHARGE FOR ITS PRODUCTS AND ITS PROFIT MARGINS; THE AVAILABILITY AND COST OF THE EQUIPMENT AND RAW MATERIALS PURCHASED BY THE COMPANY; RELATIVE VALUES OF THE UNITED STATES CURRENCY TO CURRENCIES IN THE COUNTRIES IN WHICH THE COMPANY'S CUSTOMERS, SUPPLIERS AND COMPETITORS ARE LOCATED; AVAILABILITY OF QUALIFIED PERSONNEL; CHANGES IN, OR THE FAILURE TO COMPLY WITH, GOVERNMENT REGULATIONS; AND 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 IN THIS REPORT AND FROM TIME TO TIME IN OTHER COMPANY REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE COMPANY DOES NOT ASSUME AN OBLIGATION TO UPDATE THE FACTORS DISCUSSED IN THIS REPORT OR SUCH OTHER REPORTS.

PART 1

ITEM 1. BUSINESS.

GENERAL

On November 1, 1998, Steiner-Atlantic Corp. ("Steiner") was merged (the "Merger") with and into, and therefore became, a wholly-owned subsidiary of Metro-Tel Corp. ("Metro-Tel" and collectively with Steiner and Steiner's wholly-owned subsidiaries, the "Company"). As a result of the Merger, the Company 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.

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 report covering periods prior to November 1, 1998 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, in addition, include the results of operations, financial position and cash flows of Metro-Tel from and after November 1, 1998.

Steiner is a supplier of dry cleaning equipment, industrial laundry equipment and steam boilers to customers in the United States, the Caribbean and Latin American markets. This aspect of Steiner's services includes: (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 under its Aero-Tech brand name; and (5) selling process steam systems and boilers.

In March 1999, Steiner formed a new subsidiary, Steiner-Atlantic

Brokerage Company, Inc. ("Steiner Brokerage") to act as a business broker to assist others seeking to buy or sell existing dry cleaning and laundry businesses. Many of Steiner's existing customers have become Steiner Brokerage clients, utilizing Steiner's staff and ability to assist them in the sale of their businesses and associated real property.

In July 1999, Steiner acquired certain assets of DRYCLEAN USA Franchise Company, including, among other things, the worldwide rights to the name DRYCLEAN USA along with existing franchise and license agreements. DRYCLEAN USA is one of the largest franchise and license operations in the dry cleaning industry, currently consisting of approximately 300 franchised and licensed locations in the United States, the Caribbean and Latin America. Steiner expects to aggressively increase the number of existing franchisees and licensees of DRYCLEAN USA through proven sales and advertising methods with an expanded sales staff. In addition, it expects to advertise its franchise and license program on an internet website which will also allow local customers to download discount coupons to be redeemed at their local DRYCLEAN USA store. The website is also expected to provide interactive information and solutions to clothing and textile problems in the home and office.

Metro-Tel is 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
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History. Steiner was founded in 1960 by William K. Steiner, initially operating 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.

Product Lines. Steiner offers a broad line of laundry and dry cleaning equipment and steam boilers, as well as a comprehensive parts and accessories inventory. Steiner's laundry equipment features 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 product lines are positioned and priced to appeal to customers in each of the high-end, mid-range and value priced markets. Steiner's product lines are offered under a wide range of price points to address the needs of a diverse customer base. 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. 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.

In March 1999, Steiner formed a new subsidiary, Steiner-Atlantic Brokerage Company, Inc. to act as a business broker to assist others seeking to buy or sell existing dry cleaning and laundry businesses. Many of Steiner's existing customers have become Steiner Brokerage clients, utilizing Steiner's staff and ability to assist them in the sale of their businesses and associated real property.

In July 1999, Steiner acquired certain assets of DRYCLEAN USA Franchise Company, including the worldwide rights to the name DRYCLEAN USA along with existing franchisees and licensees and associated annual revenues. DRYCLEAN USA is one of the largest franchise and license operations in the dry cleaning industry, currently consisting of approximately 300 franchised and licensed locations in the United States, the Caribbean and Latin America.

Sales, Marketing and Customer Support. Steiner's laundry and dry cleaning equipment products are marketed in the United States, the Caribbean, and Latin America. Steiner employs sales executives to market its products, including its Aero-Tech products in the United States and in international markets. 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 orders are obtained by telephone, e-mail and fax inquiries originated by the customer or by Steiner and significant repeat sales are derived from existing customers.

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 500 customers in the United States, the Caribbean and Latin America, including independent and franchise dry cleaning chains and institutions, hotels, motels, hospitals, cruise lines, nursing homes, government institutions and distributors. No customer accounted for more than 10% of Steiner's revenues during the year ended June 30, 1999, the six months ended June 30, 1998 or the year ended December 31, 1997.

The following table sets forth the approximate geographic distribution of Steiner's sales (the percentage being based on Steiner's sales, rather than consolidated revenues) for the year ended June 30, 1999, the six months ended June 30, 1998 and the year ended December 31, 1997:

	Year Ended June 30, 1999		Six Months Ended June 30, 1998		Year Ended December 31, 1997	
	(dollars in thousands)					
	Amount	%	Amount	%	Amount	%
United States	$12,661	79.4%	$5,317	68.6	$10,144	72.0
Latin America	$ 1,559	9.8%	1,217	15.7	1,596	11.3
Caribbean	$ 1,573	9.9%	1,148	14.8	1,793	12.7
Other	$ 144	.9%	65	.9	561	4.0

Total	$15,937	100.0%	$7,747	100.0%	$14,094	100.0%
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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 Steiner's purchases for the year ended June 30, 1999, the six months ended June 30, 1998 or the year ended December 31, 1997. 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 adversely 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.

Steiner has a formal contract with only one of its equipment manufacturers, and relies on its long-standing relationship with its other supplier. Steiner collaborates in the design, 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 of its Aero-Tech product line 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 usually adjust orders rapidly and efficiently to reflect a change in customer demands.

According to its arrangement with its Italian manufacturer, Steiner purchases dry cleaning systems in Italian lira. Imports into the United States are also 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. However, in the case of a substantial decline in the value of the U.S. dollar against the Italian lira or the implementation of significant custom duties import controls or trade

barriers with Italy, Steiner believes it has the ability to have its Aero-Tech line manufactured by other international 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 competes with several distributors and anticipates increased competition 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.

As a franchisor/licensor of retail dry cleaning stores, DRYCLEAN USA competes with several other franchisors and turn-key suppliers of drycleaning stores primarily on the basis of trademark recognition and reputation. As a broker in the purchase and sale of retail dry cleaning stores, Steiner Brokerage competes with business brokers generally, as well as with other professionals with contacts in the retail dry cleaning business. Competition in this latter area is primarily based on reputation, advertising and, to a lesser degree, on the level of fees charged.

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 the fiscal year ended June 30, 1999 and the period from November 1, 1998 to June 30, 1999 (subsequent to the Merger):

	11/1/98 to 6/30/99 (Subsequent to Merger)		Year Ended June 30, 1999	
	Amount	%	Amount	%
	(dollars in thousands)		(dollars in thousands)	
Telephone Test Equipment	$1,909	93.2%	$3,004	90.3%
Customer Premise Equipment	50	2.4%	183	5.5%
Other Products and Services	90	4.4%	138	4.2%
	$2,049	100%	$3,325	100%

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 distributes 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. 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 11% of Metro-Tel's net sales for the year ended June 30, 1999, but less than 10% of the Company's consolidated revenues for that year. Metro-Tel believes that, should it for any reason lose this distributor, Metro-Tel could be adversely impacted although these sales would normally be absorbed by other Metro-Tel 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. The amounts specifically allocated to research and development activities for the eight months ended June 30, 1999 was $171,354. All research and development is internally generated, except for products designed for Metro-Tel by unaffiliated third parties compensated by either a lump-sum payment or on a royalty basis.

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 and, since July 1999, DRYCLEAN USA, which is licensed by it to retail dry cleaning establishments. 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 trademarks which are used to identify its telephone test and customer premise product lines. None of these trademarks 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 58 employees on a full-time basis, of whom three are in executive management, 13 are engaged in sales and marketing, 15 are administrative and clerical, three are engineers and technicians, 19 are engaged in production and five are in warehouse support. Of the Company's employees, 30 are employed exclusively with respect to the Company's laundry and dry cleaning equipment operations, 26 are employed exclusively with respect to the Company's telecommunications equipment operations and 2 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 satisfactory.

FOREIGN AND GOVERNMENT SALES

Steiner's export sales of the Company's laundry and dry cleaning business were approximately $3,276,100, $2,430,610 and $3,949,512 during the year ended June 30, 1999, six months ended June 30, 1998 and year ended December 31, 1997, respectively. Such export sales were made principally to Latin America and the Caribbean. See "--Steiner's Operations-Customers and Markets".

Metro-Tel's export sales of telephone test and customer premise equipment were $167,422 for the eight months ended June 30, 1999. 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 the Company's export sales require the customer to make payment in United States dollars. Accordingly, foreign sales 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, and the manufacturing and distribution facility for its telephone test and customer premise equipment operations is located in approximately 21,500 square feet of leased space in Milpitas, California. The Company believes its facilities are adequate for its present needs and that suitable space would be available to accommodate its future needs. 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	12,000	December 2002
Milpitas California	21,500	March 2002

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

ITEM 3. LEGAL PROCEEDINGS.

Not applicable.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

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 reflected, as reported by Nasdaq. The Nasdaq quotations are without retail markups, markdowns or commissions and may not represent actual transactions.

	HIGH	LOW
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	3 3/16	21/2
Fourth Quarter	2 3/4	1 11/16

As of September 15, 1999 there were approximately 925 holders of record of the Company's Common Stock.

Except for S Corporation distributions prior to the Merger, 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 Metro-Tel 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.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION.

GENERAL

On November 1, 1998 Steiner-Atlantic Corp. ("Steiner") was merged (the "Merger") with and into, and therefore became, a wholly owned subsidiary of Metro-Tel Corp. ("Metro-Tel" and collectively with Steiner and Steiner's wholly-owned subsidiaries, 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 telecommunications operations as a manufacturer and seller of telephone test and customer premise equipment.

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 Report covering periods prior to November 1, 1998 reflect only the results of operation, 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, in addition, include the results of operations, financial position and cash flows of Metro-Tel from and after November 1, 1998. Accordingly, the consolidated results of operations for the year ended December 31, 1997 and six months ended June 30, 1998 do not reflect the results of telecommunications operations. The consolidated results for the year ended June 30, 1999 include eight months of telecommunications operations.

LIQUIDITY AND CAPITAL RESOURCES

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For the six months ended June 30, 1998, cash was provided by a decrease in accounts and lease receivables ($235,331), a decrease in inventory ($197,145) and an increase in accounts payable ($450,940). For the year ended June 30, 1999, cash increased by $136,378. Of the $152,191 cash generated by operating activities $761,476 was provided by net income and $50,615, $33,793 and $61,975 was derived from non-cash expenses for depreciation and amortization, bad debts and deferred income taxes, respectively. Additional cash was provided by a decrease in inventory ($289,954), other assets ($63,136) which offset an increase in accounts and lease receivables ($285,451). Cash was also provided by an increase in income taxes payable ($80,674). These funds were principally used to fund a decrease in accounts payable and accrued expenses ($792,618) and customer deposits ($111,363). Investing activities provided cash of $154,631 reflecting Metro-Tel's cash position of $298,318 at the time of the Merger, offset by $143,687 used to purchase capital assets.

On November 2, 1998, Steiner entered into a Loan and Security Agreement with First Union National Bank. Under the Loan Agreement, the bank made a term loan to Steiner of $2,400,000 and provided Steiner with a revolving credit facility entitling it to borrow up to $2,250,000 until the earlier of November 2, 1999 or the date the bank demands repayment of the revolving credit loans. No revolving credit loans were outstanding on June 30, 1999. The term loan is payable in monthly installments of $40,000 plus interest, commencing January 1999 with a $960,000 balloon payment in January 2002. The loans, which are guaranteed by Metro-Tel, are secured by pledges of substantially all of the present and future assets and property, excluding real estate, of Metro-Tel and Steiner. A portion of the proceeds of the term loan were used to repay Steiner's existing line of credit of $1,000,000 and the remaining outstanding balance ($416,613) of Steiner's former loan, as well as to fund the remaining Subchapter S distributions ($727,394) payable to the former shareholders of Steiner. Installment payments of $280,000 have been made for the year ended June 30, 1999 on the new term loan. In addition, the Company recieved $51,563 from the exercise of stock options and advanced $198,000 to an affiliated company. The foregoing resulted in $170,444 being used by financing activities. The Company believes that its present cash and cash it expects to generate from operations will be sufficient to meet its operational needs. In July of 1999, the Company acquired certain assets of DRYCLEAN USA for $550,000 cash (see Note 14 of the Notes to Consolidated Financial Statements.)

RESULTS OF OPERATIONS
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The statement of operations contained in the financial statements contained in Item 7 of this Report include (i) the year ended June 30, 1999, (ii) the six months ended June 30, 1998 and (iii) the year ended December 31, 1997. In order for the discussion and analysis of the results of operations for the year ended June 30, 1999 that follows to compare periods of similar duration, the discussion and analysis compares the Company's consolidated results for the year ended June 30, 1999 to the twelve month period ended June 30, 1998. The following table sets forth the Company's consolidated

results of operations for the year ended June 30, 1999 (which appear in Item 7 of this Report) and for the twelve months ended June 30, 1998 (which financial statements are not included herein).
- --
<TABLE>
<CAPTION>

	For the year ended June 30, 1999	For the 12 months ended June 30, 1998 (unaudited)
<S>	<C>	<C>
Net sales	$17,985,847	$15,329,507
Management fees, commissions and other income	488,951	360,483

- --

Total revenues	18,474,798	15,689,990
Cost of goods sold	13,178,610	11,427,933
Gross profit	5,296,188	4,262,057
Selling, general and administrative expenses	3,863,427	3,720,081
Research and development	171,354	
	4,034,781	3,720,081
Operating Income	1,261,407	541,976
Interest income	62,080	84,957
Interest expense	(171,521)	(51,709)
	(109,441)	33,248
Earnings before provision for income taxes	$1,151,966	$575,224

</TABLE>

Net sales for the fiscal year ended June 30, 1999 increased by $2,656,340 (17.3%) over the twelve months ended June 30, 1998 due to the inclusion of telecommunications sales of $2,048,593 and increased sales of laundry equipment, steam boilers and spare parts partially offset by a reduction in sales of dry cleaning equipment. Price increases were immaterial.

Management fees, commissions and other income increased by $128,468 (35.6%) in fiscal 1999 over the twelve months ended June 30, 1998 due principally to an increase in management fees from an affiliated company resulting from increased turn-key operations sales.

The Company's gross profit margin, expressed as a percentage of net sales, increased to 29.4% in fiscal 1999 from 27.8% in the twelve months ended June 30,1998. The increase was mainly due to the inclusion of telecommunications sales, which historically have a higher margin. Steiner's gross profit margin improved in fiscal 1999 over fiscal 1998 principally due to increased sales of higher margined products.

Selling, general and administrative expenses increased by $143,346 (3.9%) in fiscal 1999 over the twelve months ended June 30,1998 due to the inclusion of Metro-Tel's selling, general and administrative expenses ($734,203) offset by a reduction of $586,109 in general and administrative expenses for Steiner caused by a decrease in executive compensation as a result of the Merger. However, expressed as a percentage of revenues, selling, general and administrative expenses declined from 23.7% of total revenues for the twelve months ended June 30, 1998 to 20.9% of total revenues in fiscal 1999. The percentage improvement results from spreading such costs over the higher revenue base.

Research and development expenses relate solely to the telecommunications operations following the Merger. The Company anticipates that research and development in fiscal year 2000 should be similar to the preceding twelve months.

Interest expense increased by $119,812 (231.7%) in fiscal 1999 over the twelve months ended June 30, 1998 due primarily to the higher level of borrowings following the Merger, as discussed under "Liquidity and Capital Resources," above.

A provision for income taxes is reflected only for fiscal 1999. Prior to the Merger, Steiner was a Subchapter S Corporation under the Internal Revenue Code of 1986, as amended, and, accordingly, its shareholders, rather than it, were subject to income taxation on Steiner's earnings. (See Note 5 of the Notes to Consolidated Financial Statements.)

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 at a cost of less than $2,000 and carried out certain tests of its accounts receivable and accounts payable 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 1998, the Financial Accountant Standard Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged assets or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000.

Historically, the Company has not entered into derivative contracts either to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of the new standard to materially affect its financial statements.

ITEM 7. FINANCIAL STATEMENTS.

Metro-Tel Corp. and Subsidiaries
Index to Consolidated Financial Statements

Report of Independent Certified Public Accountants

Board of Directors and Shareholders
Metro-Tel Corp.
Miami, Florida

We have audited the accompanying consolidated balance sheets of Metro-Tel Corp. and subsidiaries as of June 30, 1999 and 1998, and the related consolidated statements of income, shareholders' equity and cash flows for the year ended June 30, 1999, the six months ended June 30, 1998 and the year ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated 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 consolidated financial position of Metro-Tel Corp. and subsidiaries at June 30, 1999 and 1998, and the consolidated results of their operations and their cash flows for the year ended June 30, 1999, the six months ended June 30, 1998 and the year ended December 31, 1997, in conformity with generally accepted accounting principles.

Miami, Florida BDO Seidman, LLP
August 11, 1999

<TABLE>
<CAPTION>

Metro-Tel Corp. and Subsidiaries
Consolidated Balance Sheets

	JUNE 30, 1999	JUNE 30, 1998
<S>	<C>	<C>
ASSETS (Note 6)		
CURRENT ASSETS		
Cash and cash equivalents	$ 964,768	$ 828,390
Accounts receivable, net of $25,000 allowance for doubtful accounts in 1999	1,741,698	981,432
Lease receivables (Note 2)	116,927	161,007
Inventories (Note 3)	4,243,348	2,911,158
Deferred income tax asset (Note 5)	43,141	-
Other current assets (Note 7)	143,885	67,238
Total current assets	7,253,767	4,949,225
LEASE RECEIVABLES - due after one year (Note 2)	90,882	148,651
EQUIPMENT AND IMPROVEMENTS, at cost - net of accumulated depreciation and amortization (Note 4)	333,705	146,461
DEFERRED INCOME TAX ASSET (Note 5)	22,884	-
	$ 7,701,238	$ 5,244,337

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES		
Line of credit (Note 6)	$ -	$ 1,000,000
Accounts payable and accrued expenses (Note 7)	1,266,838	1,494,975
Income taxes payable	80,674	-
Customer deposits	278,008	389,371
Current portion of term loan (Note 6)	440,000	200,000
Total current liabilities	2,065,520	3,084,346
TERM LOAN, less current portion (Note 6)	1,680,000	216,613
Total liabilities	3,745,520	3,300,959
COMMITMENTS (Notes 7, 9, 10 and 14)		
SHAREHOLDERS' EQUITY (Notes 1, 11 and 12) Common stock, $0.025 par value: Authorized shares - 15,000,000; 6,951,250 and 4,720,954 shares issued, including shares held in treasury	173,781	118,024
Additional paid-in capital	1,974,227	51,726
Retained earnings	1,807,710	1,448,950
Undistributed shareholders' earnings	-	324,678
Treasury shares, 26,250 shares in 1999, at cost	-	-
Total shareholders' equity	3,955,718	1,943,378
	$ 7,701,238	$ 5,244,337

</TABLE>

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

<TABLE>
<CAPTION>

Metro-Tel Corp. and Subsidiaries
Consolidated Statements of Income

<S>	YEAR ENDED JUNE 30, 1999 <C>	SIX MONTHS ENDED JUNE 30, 1998 <C>	YEAR ENDED DECEMBER 31, 1997 <C>
REVENUES:			
Net sales	$ 17,985,847	$ 7,747,321	$ 14,093,632
Management fee, commissions and other income (Note 7)	488,951	237,388	195,809
Total	18,474,798	7,984,709	14,289,441
COST OF SALES	13,178,610	5,712,805	10,344,113
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Notes 7 and 9)	3,863,427	1,841,592	3,474,421
RESEARCH AND DEVELOPMENT	171,354	-	-
Total	17,213,391	7,554,397	13,818,534
OPERATING INCOME	1,261,407	430,312	470,907

OTHER INCOME (EXPENSE):			
Interest income	62,080	40,390	100,158
Interest expense	(171,521)	(26,509)	(60,940)
TOTAL OTHER INCOME (EXPENSE)	(109,441)	13,881	39,218
EARNINGS BEFORE INCOME TAXES	1,151,966	444,193	510,125
PROVISION FOR INCOME TAXES (Note 5)	390,490	-	-
NET EARNINGS	$ 761,476	$ 444,193	$ 510,125
Basic earnings per share	$ 0.12	$ 0.09	$ 0.11
Diluted earnings per share	$ 0.12	$ 0.09	$ 0.11
Weighted average number of shares of common stock outstanding:			
Basic	6,165,318	4,720,954	4,720,954
Diluted	6,491,450	4,720,954	4,720,954
PRO FORMA AMOUNTS (UNAUDITED):			
Earnings before income taxes	$ 1,151,966	$ 444,193	$ 510,125
Provision for income taxes	493,490	170,939	195,555
PRO FORMA NET EARNINGS	$ 658,476	$ 273,254	$ 314,570
Pro forma basic earnings per share	$ 0.11	$ 0.06	$ 0.07
Weighted average number of shares of common stock outstanding	6,165,318	4,720,954	4,720,954

</TABLE>

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

<TABLE>
<CAPTION>

Metro-Tel Corp. and Subsidiaries

Consolidated Statements of Shareholders' Equity
(Note 1)

	COMMON STOCK SHARES	COMMON STOCK AMOUNT	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK SHARES	TREASURY STOCK AMOUNT	RETAINED EARNINGS	UNDISTRIBUTED EARNINGS	SHAREHOLDERS' TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
YEAR ENDED DECEMBER 31, 1997								
Balance at December 31, 1996	4,720,954	$ 118,024	$ 51,726		$ -	$ 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	4,720,954	118,024	51,726		-	1,448,950	1,817,962	3,436,662
SIX MONTHS ENDED JUNE 30, 1998:								
Distributions	-	-	-		-	-	(1,937,477)	(1,937,477)

Net income		-	-	-	-	-	444,193	444,193
Balance at June 30, 1998	4,720,954	118,024	51,726		-	1,448,950	324,678	1,943,378
YEAR ENDED JUNE 30, 1999:								
Distributions		-	-	-	-	-	(727,394)	(727,394)
Reclassification of cumulative undistributed earnings applicable to the Company's S corporation status		-	-	-	-	(402,716)	402,716	-
Stock exchanged for acquisition of business	2,180,296	54,507	1,872,188	26,250	-	-	-	1,926,695
Stock options exercised	50,000	1,250	50,313	-	-	-	-	51,563
Net income		-	-	-	-	761,476	-	761,476
Balance at June 30, 1999	6,951,250	$ 173,781	$1,974,227	26,250	$ -	$ 1,807,710	$ -	$ 3,955,718

</TABLE>

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

<TABLE>
<CAPTION>

Metro-Tel Corp. and Subsidiaries

Consolidated Statements of Cash Flows

	YEAR ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1998	YEAR ENDED DECEMBER 31, 1997
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES:			
Net income	$ 761,476	$ 444,193	$ 510,125
Adjustments to reconcile net income to net cash provided by operating activities, net of effect of acquisition:			
Bad debt expense	33,793	79,730	21,799
Depreciation and amortization	50,615	15,621	34,643
Deferred income taxes	61,975	-	-
(Increase) decrease in:			
Accounts and lease receivables	(285,451)	235,331	(373,356)
Inventories	289,954	197,145	73,249
Other assets	63,136	65,526	(14,845)
Increase (decrease) in:			
Accounts payable and accrued expenses	(792,618)	450,940	70,597
Income taxes payable	80,674	-	-
Customer deposits	(111,363)	85,093	124,406
Net cash provided by operating activities	152,191	1,573,579	446,618
INVESTING ACTIVITIES:			
Additions to equipment and improvements	(143,687)	(15,043)	(30,406)
Cash of acquired company	298,318	-	-

Net cash provided by (used for) investing activities	154,631	(15,043)	(30,406)
FINANCING ACTIVITIES:			
(Repayments) borrowings under line of credit (net)	(1,000,000)	500,000	500,000
Payments on term loans	(696,613)	(100,000)	(216,720)
Borrowings under term loan	2,400,000	-	-
Advances (to) from affiliate	(198,000)	175,000	(50,000)
Cash distributions to shareholders	(727,394)	(1,937,477)	(600,000)
Proceeds from exercise of stock options	51,563	-	-
Net cash (used for) financing activities	(170,444)	(1,362,477)	(366,720)
Net increase in cash and cash equivalents	136,378	196,059	49,492
Cash and cash equivalents at beginning of period	828,390	632,331	582,839
Cash and cash equivalents at end of period	$ 964,768	$ 828,390	$ 632,331
Supplemental Information:			
Cash paid for:			
Interest	$ 171,521	$ 26,509	$ 60,940
Income taxes	239,311	-	-
Non-cash Transaction:			
Acquisition of business, net of cash of acquired company	$ 1,628,377	$ -	$ -

</TABLE>

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

Metro-Tel Corp. and Subsidiaries
Summary of Significant Accounting Policies

NATURE OF BUSINESS Metro-Tel Corp. and subsidiaries (collectively, the "Company") are engaged in the sale of commercial and industrial laundry and dry cleaning equipment, boilers and replacement parts, acting as a business broker in connection with the purchase and sale of retailing dry cleaning stores and the manufacture and sale of telephone test equipment and customer premise equipment, as well as related accessories.

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

PRINCIPLES OF CONSOLIDATION The accompanying consolidated financial statements include the accounts of Metro-Tel Corp. and its wholly-owned subsidiaries. Intercompany transactions and balances have been eliminated in consolidation.

REVENUE RECOGNITION Sales are recorded as products are shipped.

INVENTORIES Inventories are valued at the lower of cost or market determined on the first-in first-out method.

EQUIPMMENT, IMPROVEMENTS AND DEPRECIATION Property and equipment are stated at cost. Depreciation and amortization are calculated on accelerated and straight-line methods over lives of five to seven years for furniture and equipment and the life of the lease for leasehold improvements for both financial reporting and income tax purposes, except for leasehold improvements which are amortized over 31 years for income tax purposes.

INCOME TAXES Through October 31, 1998, Steiner-Atlantic Corp. ("Steiner," a wholly-owned subsidiary of the Company, the income of which, as explained in Note 1, represented the Company's entire reportable income for financial reporting purposes for periods prior to November 1, 1998, with the consent of its shareholders, elected to be taxed as an S Corporation under the provisions of Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"). Shareholders of an S Corporation are taxed on their proportionate share of the company's taxable income. Accordingly, no provision for federal or state income tax is required for periods prior to October 31, 1998. Had the Company been treated as a C Corporation, the Company would have incurred approximately $103,000 of additional income taxes during the year ended June 30, 1999.

For the purpose of the provision for income taxes, the Company 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 consolidated financial statements and income tax bases of assets and liabilities.

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

ESTIMATES The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

EARNINGS PER SHARE The Company has adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 128, Earnings Per Share, for all periods presented. SFAS No. 128 requires a dual presentation of basic and diluted earnings per share. See Note 11.

Basic earnings per share are computed on the basis of the weighted average number of common shares outstanding during each year. Diluted earnings per share are computed on the basis of the weighted average number of common shares and dilutive securities outstanding. Securities having an antidilutive effect on earnings per share are excluded from the calculation of diluted earnings per share.

The weighted average number of common shares outstanding for all periods presented retroactively reflects the effects of the recapitalization of the Company as described in Note 1.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments consist principally of cash, accounts receivable, leases receivables, accounts payable and accrued expenses and debt. The carrying amounts of such financial instruments as reflected in the balance sheets approximate their estimated fair value. 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 1998, the Financial Accounting Standard Board issued SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 requires companies to recognize all derivatives contracts as either assets or liabilities in the balance sheet and to measure them at fair value. If certain conditions are met, a derivative may be specifically designated as a hedge, the objective of which is to match the timing of gain or loss recognition on the hedging derivative with the recognition of (i) the changes in the fair value of the hedged assets or liability that are attributable to the hedged risk or (ii) the earnings effect of the hedged forecasted transaction. For a derivative not designated as a hedging instrument, the gain or loss is recognized in income in the period of change. SFAS No. 133 is effective for all fiscal quarters of fiscal years beginning after June 15, 2000.

Historically, the Company has not entered into derivatives contracts either to hedge existing risks or for speculative purposes. Accordingly, the Company does not expect adoption of the new standard to materially affect its financial statements.

1. ACQUISITION AND REORGANIZATION

On November 1, 1998, Metro-Tel completed a merger in which a wholly-owned subsidiary was merged with and into Steiner. In connection therewith, Metro-Tel exchanged 4,720,954 shares of its common stock for all of the outstanding shares of common stock of Steiner and Steiner became a wholly-owned subsidiary of the Company. In addition, Metro-Tel granted options for the purchase of up to 500,000 shares of its common stock to employees of Steiner.

For financial accounting purposes, this transaction was accounted for as a reverse acquisition of Metro-Tel Corp. by Steiner. In this connection, historical amounts, shares and per share amounts for Steiner have been retroactively adjusted to reflect the foregoing exchange of shares.

The purchase of Metro-Tel Corp. was valued at approximately $1,926,000, an amount equal to the fair market value of the Company's outstanding common shares. This acquisition was accounted for under the purchase method, whereby the purchase price was allocated to the underlying assets and liabilities of Metro-Tel based upon their estimated fair values. The transaction was recorded as follows:

Fair value of net assets acquired:	
Current assets	$ 2,520,898
Other assets	150,278
Total	2,671,176
Less liabilities assumed	(744,481)
Net	$ 1,926,695

The consolidated statement of income includes the results of operations of the acquired business (Metro-Tel Corp.) from November 1, 1998.

The following unaudited pro forma summary presents the consolidated results of operations of the Company as if the acquisition had occurred on July 1, 1998, and the Company's S Corporation status had been terminated as of that date:

YEAR ENDED JUNE 30, 1999

Pro forma revenues	$19,751,668
Pro forma net earnings	$ 917,275
Pro forma basic earnings per share	$ 0.15
Pro forma diluted earnings per share	$ 0.14

2. LEASE RECEIVABLES Lease receivables result from customer leases of equipment under arrangements which qualify as sales-type leases. At June 30, 1999, annual future lease payments, net of deferred interest ($35,680 at June 30, 1999), due under these leases are as follows:

YEARS ENDING JUNE 30,	
2000	$ 116,927
2001	48,342
2002	29,205
2003	10,480
2004	2,542
Thereafter	313
	$ 207,809

3. INVENTORIES The components of inventories are summarized as follows:

JUNE 30,	1999	1998
Raw materials	$ 713,867	$ -
Work-in-process	180,947	-
Finished goods	3,348,534	2,911,158
	$ 4,243,348	$ 2,911,158

4. EQUIPMENT AND IMPROVEMENTS Major classes of equipment and improvements consist of the following:

JUNE 30,	1999	1998
Furniture and equipment	$661,407	$448,578
Leasehold improvements	262,714	237,682

Total	924,121	686,260
Less accumulated depreciation and amortization	590,416	539,799
	$333,705	$146,461

5. INCOME TAXES The following are the components of income tax expense:

YEAR ENDED JUNE 30,	1999
Current	
Federal	$ 280,499
State	48,016
	328,515
Deferred	
Federal	50,087
State	11,888
	61,975
Total	$ 390,490

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

<TABLE>
<CAPTION>

YEAR ENDED JUNE 30,	1999	
	HISTORICAL	PRO FORMA
<S>	<C>	<C>
Tax at the statutory rate	$ 391,668	$ 391,668
Tax effect of S Corporation status	(103,000)	-
State income taxes, net of federal benefit	50,222	50,222
Income taxes attributable to termination of S Corporation status	21,427	21,427
Other	30,173	30,173

Total	$ 390,490	$ 493,490

</TABLE>

Deferred income taxes reflect the net tax effect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's current and noncurrent deferred tax assets at June 30, 1999 are as follows:

Current Deferred Tax Asset:	
Allowance for doubtful accounts	$ 9,408
Inventory	25,174
Other	8,559
	43,141
Noncurrent Deferred Tax Asset:	
Depreciation	16,271
Other	6,613
	22,884
Total deferred tax asset	$ 66,025

6. CREDIT AGREEMENT

The Company had a credit agreement with a commercial bank which provided for a line of credit of $2,250,000 and a term loan of $1,000,000. On November 2, 1998, the Company entered into a new loan agreement with the same lender and paid off the outstanding balances on its then 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 the Adjusted LIBOR Market Index Rate (7.75% at June 30, 1999) and are collateralized by substantially all of the Company's assets. The line of credit is due on demand. The term loan is due January 2002. At June 30, 1999, the Company had no outstanding borrowings under its line of credit and therefore could borrow $2,250,000, and owed $2,120,000 under the term loan. The term loan requires monthly payments of $40,000 plus interest, with a $960,000 balloon payment January 2002. The agreement requires maintenance of certain financial ratios and contains other restrictive covenants.

7. RELATED PARTY TRANSACTIONS

During the year ended June 30, 1999, the six months ended June 30, 1998 and the year ended December 31, 1997, the Company charged management fees of $265,000, $150,000 and $40,000, respectively, to an entity controlled by one of the principal shareholders of the Company. 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. At June 30, 1999, $23,000 is due from such company and is included in other current assets in the accompanying balance sheet. Advances to or from such affiliate are non-interest bearing and are due on demand.

The Company leases warehouse and office space from a principal shareholder of the Company under an operating lease which expires in October 2004. Minimum annual rental commitments under this lease approximate $95,000.

8. CONCENTRATIONS OF CREDIT RISK

The Company 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.

9. COMMITMENTS

Rent

The Company leases additional office and warehouse space under operating leases, including a lease on a monthly basis. The leases expire in December 1999 (with an option to renew for an additional three year period), March 2002 and October 2004 (with an option to renew for a period of ten years at a rent to be agreed upon). Minimum future rental commitment for leases in effect at June 30, 1999, including leases to related parties, approximates the following:

YEARS ENDING JUNE 30,	
2000	$ 277,499
2001	272,596
2002	230,665
2003	95,196
2004	95,196
Thereafter	31,732
	$ 1,002,884

Rent expense, including rentals paid to a related party, aggregated $232,013, $71,650 and $141,700 for the year ended June 1999, the six months ended June 1998 and the year ended December 31, 1997, respectively.

Royalty Agreements

The Company is presently obligated pursuant to two royalty agreements to pay, under one agreement, the greater of 10% of sales of certain products or $75,000 per year and, under the other agreement, 10% of annual sales of certain products. The agreements may be cancelled by the Company annually upon sixty days notice. Royalty expense aggregated $54,640 during the year ended June 30, 1999.

10. DEFERRED COMPENSATION PLAN

The Company adopted a participatory deferred compensation plans wherein it matches employee contributions up to, at the Company's option for all employees determined annually, 1% or 2% of an eligible employee's yearly compensation. All employees are eligible to participate in the plan after one year or three months of service. The Company contributed $18,657, $5,735, and $10,792 for the fiscal year ended June 30, 1999, the six months ended June 30, 1998 and year ended December 31, 1997, respectively. The plan is tax exempt under Section 401(k) of the Internal Revenue Code.

The Company also maintains a profit-sharing plan which covers substantially all employees. Annual contributions are determined at the discretion of the Board of Directors. There were no contributions for the year ended June 30, 1999, the six months ended June 30, 1998 or the year ended December 31, 1997.

11. EARNINGS PER SHARE

The following reconciles the components of the earnings per share computation:

<TABLE>
<CAPTION>

YEAR ENDED JUNE 30,	1999		
	INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
<S>	<C>	<C>	<C>
Net earnings	$761,476	6,165,318	$0.12
Effect of dilutive securities:			
Stock options	-	326,132	-
Net earnings plus assumed dilution	$761,476	6,491,450	$0.12

</TABLE>

For the six months ended June 30, 1998 and the year ended December 31, 1997, there were no dilutive securities.

12. STOCK OPTIONS

At June 30, 1999, the Company has in effect two stock option plans that authorize the grant of options to purchase 850,000 and 100,000 shares, respectively, of the Company's common stock to employees and non-employee directors of the Company, respectively. The Company applies APB Opinion 25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES, and related interpretations in accounting for stock options. Under APB Opinion 25, because the exercise price of the Company's stock options equals or exceeds the market price of the underlying stock on the date of grant, no compensation cost has been recognized.

Pursuant to the employee plan, the Company may grant incentive stock options and nonqualified stock options. Incentive stock options granted under the plans are subject to the restriction that the aggregate fair market value (determined as of the date of grant) of options which may first become exercisable in any calendar year cannot exceed $100,000. All options under non-employee director plan are nonqualified stock options. Options granted have maximum terms of not more than 10 years and are not transferable and must be granted at an exercise price of at least 100% of the market value of the common stock on the date of grant. Incentive stock options granted to an individual owning more than 10 percent of the total combined voting power of all classes of stock issued by the Company must have an exercise price of at least equal to 110 percent of the fair market value of the shares issuable on the date of the grant and may not be exercisable more than five years after the grant date. Generally, options terminate three months following termination of service (except generally one year in the case of termination of service by reason of death or disability).

Generally, the Company's options are exercisable one-fourth on the first anniversary of such grant and one-fourth on the next three anniversaries of such grant. However, options granted under the non-employee directors plan become immediately exercisable upon certain events which are deemed to be a "change in control" of the Company. Options granted under the employee plan terminate upon "change in control" unless acted upon by the board of directors.

In fiscal 1999, the Company granted a total of 565,000 options to employees, exercisable at prices of $1.00 or $2.00 per share. In addition, the Company granted a total of 30,000 options to directors, exercisable at prices of $0.91 or $2.00 per share.

FASB Statement 123, "ACCOUNTING FOR STOCK-BASED COMPENSATION," requires the Company to provide pro forma information regarding net income and net income per share as if compensation cost for the Company's stock options had been determined in accordance with the fair value based method prescribed in FASB Statement 123. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in fiscal year 1999: no dividend yield percent; expected volatility of 46.1%; risk-free interest rates of approximately 6.36%, and expected lives of 5 years.

Under the accounting provisions of FASB Statement 123, the Company's net income and net income per common share would have been as follows:.

		YEAR ENDED JUNE 30, 1999
Net income	As reported	$ 761,476
	Pro forma	$ 761,081
Net income per common share - basic and diluted	As reported	$ .12
	Pro forma	$ .12

A summary of the status of the Company's stock option plan and non-plan options as of June 30, 1999, and changes during the year then ended is presented below:

<TABLE>
<CAPTION>

<S>	SHARES <C>	WEIGHTED AVERAGE EXERCISE PRICE <C>
Outstanding at beginning of year	225,000	$ 0.98
Granted	595,000	1.12
Exercised	(50,000)	1.03
Expired	(50,000)	0.97
Outstanding at end of year	720,000	1.10
Options exercisable at year-end	125,000	0.97
Weighted-average fair value per share of options granted during the year	$ 1.12	

</TABLE>

The following table summarizes information about the stock option plan and non-plan options outstanding at June 30, 1999:

<TABLE>
<CAPTION>

<S>	RANGE OF EXERCISE PRICES <C>	NUMBER OUTSTANDING AT 6/30/99 <C>	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE <C>	WEIGHTED AVERAGE EXERCISE PRICE <C>	NUMBER EXERCISABLE AT 6/30/99 <C>	WEIGHTED AVERAGE EXERCISE PRICE <C>
	$ 0.81-2.00	720,000	4.35	$ 1.10	125,000	$ 0.97

</TABLE>

13. SEGMENT INFORMATION

The Company's reportable segments are strategic businesses that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The Company primarily evaluates the operating performance of its segments based on the categories noted in the table below. The Company has no sales between segments.

For the years ended June 30, 1999, the six months ended June 30, 1998 and the year ended December 31, 1997, export sales, principally to the Caribbean and Latin America, aggregated approximately $3,443,000, $2,430,610 and $3,949,512, respectively. No single customer accounted for more than 10% of the Company's revenues.

Financial information for the Company's business segments is as follows:

<TABLE>
<CAPTION>

<S>	YEAR ENDED JUNE 30, 1999 <C>	SIX MONTHS ENDED JUNE 30, 1998 <C>	YEAR ENDED DECEMBER 31, 1997 <C>
Revenues:			
Commercial and industrial laundry dry cleaning equipment	$ 16,426,205	$ 7,984,709	$ 14,289,441
Manufacturing and sales of telephone test equipment	2,048,593	-	-
Total revenues	$ 18,474,798	$ 7,984,709	$ 14,289,441
Operating income (loss):			
Commercial and industrial laundry and dry cleaning equipment	$ 1,556,895	$ 430,312	$ 470,907
Manufacturing and sales of telephone test equipment	(295,488)	-	-
Total operating income (loss)	$ 1,261,407	$ 430,312	$ 470,907
Identifiable assets:			
Commercial and industrial laundry and dry cleaning equipment	$ 6,016,193	$ 5,244,337	
Manufacturing and sales of telephone test equipment	1,685,545	-	
Total assets	$ 7,701,738	$ 5,244,337	

</TABLE>

14. SUBSEQUENT EVENTS

On July 9, 1999, the Company entered into an asset purchase agreement with Dryclean U.S.A., Franchise Company to purchase the worldwide rights to the name Dryclean U.S.A.,

along with existing franchise and license
agreements for $550,000 cash.

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 facilitate the audit of the Company'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, 69, 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, 66, 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, 74, has been a member of the law firm of Parker Chapin Flattau & Klimpl, LLP 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.

Alan M. Grunspan, 39, has served as a director of the Company since May 1999. Mr. Grunspan has been a member of the law firm of Kaufman Miller Dickstein & Grunspan P.A. The Company has retained Kaufman Miller Dickstein & Grunspan P.A. during the Company's last fiscal year and is retaining that firm during the Company's current fiscal year.

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 continue to make a significant contribution to the Company:

Osvaldo 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 information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 1999 Annual Meeting of Stockholders to be filed pursuant to Regulation l4A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.
- ------- --

The information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 1999 Annual Meeting of Stockholders to be filed pursuant to Regulation l4A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.
- ------- ---

The information called for by this Item will be contained in the Company's definitive Proxy Statement with respect to the Company's 1999 Annual Meeting of Stockholders to be filed pursuant to Regulation l4A under the Securities Exchange Act of 1934, and is incorporated herein by reference to such information.

ITEM 13. EXHIBITS AND REPORTS ON FORM 8-K.
- ------- ---------------------------------

(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. (Exhibit 10(a)(1)(ii) to the Company's Transition Report on Form 10-KSB for the transition period from January 1, 1998 to June 30, 1998, File No. 0-9040.)

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. (Exhibit 10(a)(2) to the Company's Transition Report on Form 10-KSB for the transition period from January 1, 1998 to June 30, 1998, File No. 0-9040.)

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. (Exhibit 10(b)(1)(iii) to the Company's Transition Report on Form 10-KSB for the transition period from January 1, 1998 to June 30, 1998, File No. 0-9040.)

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, 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 with this Report or an amendment thereto. 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: September 28, 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	September 28, 1999
/s/ William K. Steiner William K. Steiner	Director	September 23, 1999
/s/ Venerando J. Indelicato Venerando J. Indelicato	Chief Financial Officer (Principal Financial and Accounting Officer) and Director	September 28, 1999
/s/ Lloyd Frank Lloyd Frank	Director	September 28, 1999
Alan M. Grunspan	Director	September __, 1999
Stuart Wagner	Director	September __, 1999
David Blyer	Director	September __, 1999

</TABLE>

EXHIBIT INDEX

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*27	Financial Data Schedule.

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+   Management contract or compensatory plan or arrangement.

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