

# SECURITIES AND EXCHANGE COMMISSION

## FORM 10-K/A

Annual report pursuant to section 13 and 15(d) [amend]

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### FILER

#### **NATIONAL PATENT DEVELOPMENT CORP**

CIK: **70415** | IRS No.: **131926739** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
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FORM 10-K/A  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

Amendment No. 4 to

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

For the Fiscal Year Ended December 31, 1992

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 1-7234  
NATIONAL PATENT DEVELOPMENT CORPORATION  
(Exact name of Registrant as specified in its charter)

Delaware  
(State of Incorporation)

13-1926739  
(I.R.S. Employer  
Identification No.)

9 West 57th Street, New York, NY 10019  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (212) 826-8500

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class Name of each exchange on which registered  
Common Stock, \$.01 Par Value American Stock Exchange, Inc.  
Pacific Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:  
None

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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  No

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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K. / /

As of March 15, 1993, the aggregate market value of the outstanding shares of the Registrant's Common Stock, par value \$.01 per share, held by non-affiliates was approximately \$55,777,770 based on the closing price of the Common Stock on the

American Stock Exchange on March 15, 1993. None of the Class B Capital Stock, par value \$.01 per share, was held by non-affiliates.

Indicate the number of shares outstanding of each of the Registrant's classes of common stock, as of the most recent practicable date.

Class	Outstanding at March 15, 1993
Common Stock, par value \$.01 per share	16,250,955 shares
Class B Capital Stock, par value \$.01 per share	250,000 shares

#### DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's definitive Proxy Statement for its 1993 Annual Meeting of Stockholders is incorporated by reference into Part III hereof.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations is hereby amended and restated in its entirety as follows:

Item 7. Management's Discussion and Analysis of  
Financial Condition and Results of Operations

## RESULTS OF OPERATIONS

### Overview

During 1992, the loss before income taxes and extraordinary items was \$13,178,000 compared to income of \$1,157,000 in 1991 and a loss of \$39,265,000 in 1990. The change from a profit in 1991 to a loss in 1992 was primarily the result of the public offering by General Physics Corporation (GP) in October 1991, through which the Company sold 68% of its GP common stock and recognized a gain on the transaction of \$18,844,000. The Company currently owns approximately 28% of GP. The effect of the gain on GP was partially offset by improved operating results achieved in 1992 by the remaining companies within the Physical Science Group, GPS Technologies, Inc. (GPS) (formerly General Physics Services Corp.), a 92% owned subsidiary, and GTS Duratek, Inc. (Duratek), an approximately 80% owned subsidiary. At the corporate level, improved operating results were partially the result of gains recognized on the sale of certain investments and the continuing reduction in interest expense as a result of reduced short-term borrowings, lower rates of interest on the Company's variable rate obligations and reduced interest on the Company's Swiss Debt obligation due to the Company's continuing practice of repurchasing its Swiss Debt from time to time. The improved operating results within the Physical Science Group were due to both GPS and Duratek achieving operating profits in 1992 as opposed to operating losses in 1991. GPS achieved a significant turnaround as a result of reduced losses at its subsidiary, GP International Engineering & Simulation, Inc. (GPI), an operating profit generated for the first time by its subsidiary GP Environmental Services, Inc. (GPE) and an overall improvement within the core businesses of GPS. Duratek showed an improvement in operations during 1992 as a result of increased sales and gross profit in both its Environmental Technology and Consulting and Temporary Technical Staff businesses, as well as the impact of the effort in the latter half of 1991 to consolidate and streamline its administrative structure. The improvements in operations achieved by the current members of the Physical Science Group and at the corporate level were partially offset by an increased operating loss at the Electronics Group and reduced operating profits at the Optical Plastics Group. The Electronics Group, which is Eastern Electronics Manufacturing Corporation (Eastern), the Company's electronic assembly and manufacturing subsidiary, incurred increased operating losses due to reduced sales, increased operating costs and the effect of reserves taken

for obsolete inventory. The Optical Plastics Group, which is MXL Industries, Inc. (MXL), the Company's injection molding and coating subsidiary, had a small decrease in operating profit as a result of weakness in the precision tooling part of its business, as well as reduced orders from a number of MXL's established customers in the beginning of 1992. The Health Care Group's operating loss and the Distribution Group's operating profit remained virtually unchanged.

During 1991, income before income taxes and extraordinary items was \$1,157,000 compared to a loss of \$39,265,000 for 1990. The improved performance in 1991 was the result of the \$18,844,000 gain recognized on the sale of GP common stock, reduced operating losses within the Health Care Group and increased operating profits in the Physical Science Group. At the corporate level, the improved results were partially the result of reduced interest expense, primarily due to repayments of short-term borrowings, lower rates of interest on the Company's variable rate obligations, and reduced interest on the Company's Swiss Debt obligations due to repurchases of the Swiss Debt during 1990 and 1991. In addition, in 1991 the Company realized a net foreign currency transaction gain of \$3,042,000 as compared to a net currency transaction loss of \$4,356,000 incurred in 1990, as a result of the Company's decision not to hedge its Swiss Franc denominated debt. The Health Care Group incurred reduced operating losses in 1991 due to improved results at Interferon Sciences, Inc. (ISI), the Company's 53% owned subsidiary, and lower losses recognized at National Patent Medical (NPM). The reduced operating loss at ISI was the result of reduced research and development costs, due to ISI focusing its resources on the production of commercial quantities of ALFERONR N Injection, ISI's FDA approved product for the treatment of recurring and refractory external genital warts. The Company realized reduced operating losses at NPM in 1991 due to the transfer in April 1991 of substantially all the assets and business of the Company's NPM division to a partnership in which the Company had a 49% interest. In 1992, as a result of an initial public offering, the partnership was dissolved, and the Company currently owns 14% of NPM Healthcare Products, Inc. (NPMH) (see Note 11(d) of the Notes to Consolidated Financial Statements). The Physical Science Group achieved improved operating profits since 1990's

results were impacted by a \$4,954,000 writeoff of an investment by GP (see Note 11(a) of the Notes to Consolidated Financial Statements). In connection with the public offering in 1991, GP transferred certain assets and businesses to GPS (see Note 2 of the Notes to Consolidated Financial Statements). The Company currently owns approximately 28% of GP, and since October 3, 1991 accounts for its investment in GP on the equity basis. The improved operating results of GP and GPS within the Physical Science Group were partially offset by an operating loss incurred by Duratek due to the net effect of reduced gross margin achieved in 1991 and the costs incurred during the year to invest in

environmental remediation technology, as well as a \$1,202,000 net gain recognized on the sale of two lines of business in 1990 (see Note 11(b) and (c) of the Notes to Consolidated Financial Statements). The improvements in operations achieved by the Health Care Group, the Physical Science Group and at the corporate level were partially offset by reduced operating profits at the Distribution Group in 1991. The Distribution Group incurred a small decrease in operating profits due to reduced sales and gross margin as a result of the continuing weakness in the northeast economy. The Optical Plastics and the Electronics Groups' operating profits remained virtually unchanged.

#### Sales

Consolidated sales from continuing operations decreased by \$63,168,000 in 1992, to \$195,765,000, as a result of the transfer in April 1991 of a majority interest in NPMH, in which the Company currently has a 14% interest, and the public offering by GP in October 1991. The decrease was partially offset by increased sales within the Distribution Group and by the remaining companies in the Physical Science Group. Sales decreased by \$34,158,000 in 1991 to \$258,933,000, primarily within the Health Care Group as a result of the transfer in April 1991 of a majority interest in NPM.

The Physical Science Group sales decreased from \$164,135,000 in 1990 to \$162,727,000 in 1991 and to \$109,303,000 in 1992. During 1992, sales decreased by \$53,424,000, due to the public offering by GP on October 3, 1991, from which time the results of GP were accounted for on the equity basis, since the Company's percentage of ownership was reduced to approximately 28%. In 1991, the Physical Science Group included sales of \$62,325,000 for GP. The loss of GP's sales in 1992 was partially offset by increased sales at both GPS and Duratek. Duratek generated increased sales in 1992 as a result of work performed on two new environmental technology projects, as well as an increase in services provided by the consulting and temporary technical staff support business. GPS generated increased revenues in new business areas such as environmental analytical services and full scope simulation. These increases at GPS were partially offset by a reduction in revenue for certain subcontracts, which terminated in 1991, for construction management services provided to the Department of the Army. In 1991, the decrease was due to the public offering by GP in October 1991, partially offset by an increase in work performed by GP for the Department of Energy during the first nine months of 1991.

The Distribution Group sales decreased from \$66,511,000 in 1990, to \$64,788,000 in 1991, and increased to \$68,450,000 in 1992. The increase of \$3,662,000, or 6%, in 1992 was attributable to the introduction during the year of a new line of hardware supplies. The 1991 decrease of \$1,723,000, or 3%, was primarily

due to the continuing overall weakness of the northeast economy.

The Health Care Group sales decreased from \$45,907,000 in 1990, to \$14,607,000 in 1991, and to \$4,042,000 in 1992. The \$10,565,000 reduction in sales in 1992 was due to the transfer on April 8, 1991 of a majority interest in NPM, partially offset by

increased sales by ISI of ALFERONR N Injection to its marketing partner, the Purdue Frederick Company (Purdue). In December 1991, Purdue agreed to purchase an aggregate of 45,000 vials of ALFERONR N Injection from the Company over approximately a six month period which commenced in March 1992 and was completed in September 1992. During the twelve month period ended December 31, 1992, Purdue sold (including samples) approximately 2,400 vials of ALFERONR N Injection per month. The Company is currently discussing future requirements of ALFERONR N Injection with Purdue. Pending resolution of this issue with Purdue, the Company has temporarily suspended its production of ALFERONR N Injection. In 1991, the decrease of \$31,300,000 was due to the transfer of a majority interest in NPM, as discussed above. The loss of NPM's sales was partially offset by ISI which commenced sales of ALFERONR N Injection in July 1991 from its expanded manufacturing facility, which was concurrent with the national introduction of the product by Purdue.

The Optical Plastics Group sales decreased from \$9,486,000 in 1990, to \$9,454,000 in 1991, and to \$7,862,000 in 1992. The decreased sales in 1992 was due to weakness at MXL's precision tooling division, as well as reduced orders from a number of MXL's established customers in the beginning of 1992.

The Electronics Group sales increased from \$6,872,000 in 1990, to \$7,151,000 in 1991, and decreased to \$5,968,000 in 1992. The decreased sales in 1992 was the result of the weakness in the electronics industry, particularly among some of the major computer and electronics companies which comprise Eastern's customer base.

#### Gross margin

Consolidated gross margin was \$42,711,000, or 15% of net sales in 1990, \$36,013,000 or 14% of net sales in 1991 and \$29,772,000 or 15% of net sales in 1992. In 1992, the decrease in gross margin of \$6,241,000 occurred primarily in the Physical Science Group as a result of the public offering by GP in October 1991, and to a lesser extent, in the Health Care Group due to the transfer in April 1991 of a majority interest in NPM in which the Company currently has a 14% interest. The reduced gross margin in 1992 was partially offset by increased gross margin achieved by the Distribution Group as a result of increased sales. In 1991, the decrease in gross margin of \$6,698,000 occurred primarily in the Health Care Group due to the transfer in April 1991 of a majority interest in NPM, as discussed above.

The Physical Science Group gross margin decreased from \$18,867,000, or 12% of net sales in 1990, to \$18,370,000, or 11% of net sales in 1991, and to \$13,728,000 or 13% of net sales in 1992. In 1992, the decreased gross margin was due to the public offering by GP in October 1991, partially offset by increased gross margins at Duratek and GPS. The increased gross margin dollars and percentage at GPS was due to increased sales, significant profit improvements at GPI and GPE during 1992, as well as an improved mix of services performed at higher margins within the core businesses. Duratek achieved increased gross margins in 1992 as a result of increased revenues generated by its environmental technology projects. In 1991, the decrease in gross margin was attributable to reduced sales and gross margin percentage at Duratek. This decrease was partially offset by increased gross margin at GPS as a result of steps taken to reduce costs, which led to an increased gross margin percentage.

The Distribution Group gross margin decreased from \$12,657,000 or 19% of net sales in 1990, to \$11,679,000 or 18% in 1991, and increased to \$12,355,000 or 18% of sales in 1992. In 1992, the increased gross margin was the result of increased sales due to the introduction of a new line of hardware products. In 1991, the decrease in gross margin was due to reduced sales and gross margin percentage. The reduced sales volume was a result of the continuing weakness in the northeast economy and the reduced gross margin percentage was due to competitive pressures within the industry.

The Health Care Group gross margin decreased from \$7,788,000, or 17% of net sales in 1990, to \$2,509,000 or 17% of net sales in 1991, and to \$358,000 or 9% of net sales in 1992. The decrease in gross margin in 1991 and 1992 was the result of the transfer on April 8, 1991 of a majority interest in NPM, as discussed above. The reduced gross margin percentage in 1992 is attributable to the low gross margin percentages achieved by ISI due to the writedown of inventory to its estimated net realizable value, as a result of increased unit production costs caused by limited production volumes.

The Optical Plastics Group gross margin increased from \$2,885,000, or 30% of net sales in 1990, to \$3,231,000 or 34% of

net sales in 1991, and decreased to \$2,740,000 or 35% of net sales in 1992. In 1992, the reduced gross margin was the result of reduced sales volume. In 1991, the increase in gross margin dollars and percentage was attributable to an increased gross margin percentage at MXL due to a favorable change in the product mix.

The Electronics Group gross margin decreased from \$389,000 or 6% of net sales in 1990, to \$221,000 or 3% of net sales in 1991, and increased to \$561,000 or 9% of net sales in 1992. The increased gross margin in 1992, in spite of reduced sales at Eastern, was

attributable to improved gross margin percentages as a result of a better product mix, a reduction in the fixed manufacturing costs and improved operating efficiencies. In 1991, the reduced gross margin percentage was the result of operating inefficiencies, which led to unabsorbed overhead.

Investment and other income, net

Investment and other income was \$413,000 in 1990, \$2,790,000 in 1991 and \$6,221,000 in 1992. In 1992, the increase in investment and other income, net was primarily due to two factors. In 1992, the Company realized increased gains on the sales of certain investments, and recognized an expense for reserves taken and losses realized on certain assets of \$1,336,000 in 1992 as compared to \$4,774,000 in 1991. In 1992, the Company realized a net foreign currency transaction gain of \$3,362,000. In 1991, the increase in investment and other income, net was primarily due to two factors. In 1991, the Company realized a net foreign currency transaction gain of \$3,042,000, compared to a loss of \$4,356,000 in 1990. This net gain was partially offset by \$4,774,000 of reserves taken and losses realized on certain assets and investments in 1991. The reserves were taken in 1992 and 1991 due primarily to reduced values and impairments relating to long-term investments and related assets accounted for on the cost basis. The Company evaluates its long-term investments at

least annually. An investment is written down or written off if it is judged to have sustained a decline in value which is other than temporary. During 1991, a 19% interest in and advances to a vendor and distributor of pay telephones was written down by \$3,100,000, to an estimated residual value of \$175,000, since the telephone company ceased marketing its principal product in 1991. This resulted from (a) the loss by the telephone company of two major vending accounts in 1991, which substantially reduced revenues and (b) the telephone company's effort to sell telephones as well as to vend them was unsuccessful in 1991. Based upon the fact that the remaining vending revenues were insufficient to support operations the telephone company ceased operations. In preparing the financial statements for the year ended December 31, 1990, the Company reviewed business plans of the telephone company and determined that the carrying value of the investment in the telephone company could be recovered from future revenues. This determination was based upon recent successes in both vending and selling telephones and its projected cash flow, which was estimated to be approximately breakeven for 1991. In addition, the telephone company had inventory in telephones and parts justifying the Company's investment. However, due to the telephone company losing two major vending accounts in 1991, the telephone company could not support operations and determined that without substantial ongoing vending operations, the telephone company could not sell existing inventory and parts. In 1992, the estimated residual value of \$175,000 of this investment, which was based upon estimated proceeds on liquidation of telephone equipment, was

written off since it was determined that such sales could not be consummated. Additionally, in 1992, the Company fully reserved its investment of \$305,000 in a medical blood center company. The blood center company ceased operations in 1992 as its major investor, a large financial institution, decided to no longer provide financing and working capital. In 1991 and prior years, the medical blood center company received substantial funding for

its centers and the financial institution provided working capital and equity financing. In both 1991 and 1992, a number of other relatively small investments were written off or written down because the Company's periodic evaluations indicated declines in value which were judged to be other than temporary.

At December 31, 1992, there was an aggregate of SFr. 60,769,000 of Swiss denominated indebtedness outstanding, of which SFr. 58,889,000 represents principal amount outstanding and SFr. 1,880,000 represents interest accrued thereon. Foreign currency valuation fluctuations may adversely affect the results of operations and financial condition of the Company. In order to protect itself against currency valuation fluctuations, the Company has at times swapped or hedged a portion of its obligations denominated in Swiss Francs. At December 31, 1992, the Company had not hedged its Swiss Franc obligations. If the value of the Swiss Franc to the U.S. dollar increases, the Company will recognize transaction losses on the unhedged portion of its Swiss Franc obligations. On December 31, 1992, the value of the Swiss Franc to the U.S. dollar was 1.4657. There can be no assurance that the Company will be able to swap or hedge obligations denominated in foreign currencies at prices acceptable to the Company or at all. The Company will continue to review this policy on a continuing basis.

#### Selling, general, and administrative expenses

Selling, general and administrative expenses (SG&A) decreased from \$50,607,000 in 1990 to \$38,356,000 in 1991 and to \$36,274,000 in 1992. In 1992, the decrease in SG&A expenses was primarily due to decreases in the Health Care Group and the Physical Science Group as a result of the transfer on April 8, 1991 of a majority interest in NPM and the public offering by GP in October 1991, respectively. The decrease was partially offset by increased SG&A within the Distribution Group as a result of Five Star's expansion into the hardware supply distribution business and increased SG&A within the Electronics Group due to costs connected with Eastern's efforts to restructure its business operations. In 1991, the decrease in SG&A occurred within all operating groups of the Company. The major decrease occurred within the Health Care Group due to the transfer on April 8, 1991 of a majority interest in NPM, as discussed above. In addition, the Distribution, Physical Science and Electronics Groups were all successful in implementing steps to control and reduce SG&A costs, as was the Company at the corporate level.

#### Research and development costs

The Company's research and development activities are conducted both internally and under various types of arrangements at outside facilities. Research and development costs were \$7,892,000, \$4,651,000 and \$4,645,000 for 1990, 1991, and 1992, respectively. In 1992, ISI experienced increased research and development costs because of increased levels of research on ALFERONR N Gel, ALFERONR LDO and other proprietary research. The increased spending at ISI in 1992 was offset by reduced spending on various corporate projects. In 1991, the decrease was due to a reduced level of research and development at ISI, relating to ALFERONR N Injection, as a result of ISI focusing its resources on the production of commercial quantities of ALFERONR N Injection.

#### Interest expense

Interest expense aggregated \$20,447,000 in 1990, \$15,579,000 in 1991 and \$11,044,000 in 1992. In 1992, the Company continued to reduce its interest expense at the corporate level as a result of reduced short-term borrowings, lower rates of interest on the Company's variable rate obligations and reduced interest on the Company's Swiss Debt obligations due to the Company's practice of repurchasing Swiss Debt from time to time. In 1991, the decreased interest expense was the result of reduced short-term borrowings incurred at lower interest rates, and reduced long-term debt. In addition, in 1992 and 1991, the Company experienced cost savings associated with the Company's decision not to hedge its Swiss Franc obligations.

#### Income taxes and extraordinary item

Income tax benefit (expense) from operations for 1990, 1991, and 1992 was \$1,272,000, \$(549,000) and \$(427,000), respectively. The Company's income tax benefit in 1990 is primarily attributable to the reversal of \$1,289,000 of deferred taxes of GP, a then 92% owned subsidiary, which taxes were offset by the operating losses and tax credits of the Company. This income tax benefit exceeded Duratek's separate company Federal income tax expense and the Company's state and local tax expense by \$1,272,000 for 1990.

In 1992, the Company's loss before income taxes from operations

exceeded its gains from extraordinary items: therefore, no income tax expense applicable to such extraordinary gains was recognized. The income tax expense for 1992 of \$427,000 represents state and local income taxes.

In 1991, despite the Company's \$1,157,000 income before income taxes from operations, no Federal income tax expense was recognized. This is due principally to significant permanent differences between financial and tax reporting of 1991 transactions, including the elimination for tax purposes of the \$18,844,000 gain on the sale of GP stock, net of a gain

recognized only for tax purposes upon ISI ceasing to be a member of the Company's consolidated Federal income tax return group on May 31, 1991. The income tax expense for 1991 of \$549,000 represents state and local income taxes.

In 1990, the Company's loss before income taxes from operations exceeded its gains from extraordinary items; therefore, no income tax expense applicable to such extraordinary gains was recognized.

As of December 31, 1992, the Company has approximately \$30,566,000 of consolidated net operating losses available for financial statement reporting purposes. ISI, on a separate company basis, has approximately \$10,600,000 of net operating loss carryforwards available to apply against its separate company future taxable income. Such losses expire before or in the year 2007.

Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," will be adopted by the Company in 1993 on a prospective basis. This standard requires that deferred income taxes be recorded following the liability method of accounting and adjusted periodically when income tax rates change. As of December 31, 1992, the Company was not carrying any deferred tax

accounts. Adoption of the new Statement will not have a material effect on the Company's financial condition or results of operations.

#### Liquidity and capital resources

At December 31, 1992, the Company had cash, cash equivalents and marketable securities totaling \$22,474,000. ISI, GPS and Duratek had cash, cash equivalents and marketable securities of \$9,082,000 at December 31, 1992. The minority interests of these companies are owned by the general public, and therefore, the assets of these subsidiaries have been dedicated to the operations of these companies and may not be readily available for the general corporate purpose of the parent.

The Company believes that it has sufficient cash, cash equivalents and marketable securities and borrowing availability under existing and potential lines of credit to satisfy its cash requirements until the first scheduled maturity of its Swiss Franc denominated indebtedness on March 1, 1995. However, in order for the Company to meet its long-term cash needs, which include the repayment of \$34,244,000 of Swiss Franc denominated indebtedness scheduled to mature in 1995 and \$11,005,000 of Swiss Franc denominated indebtedness which is scheduled to mature in 1996, the Company must obtain additional funds. The Company has reduced and is continuing to reduce its long-term debt through the issuance of equity securities in exchange for long-term debt and is also exploring new credit arrangements on an ongoing basis. However, there is no assurance that the Company will be

able to obtain any new credit arrangements.

At December 31, 1992, the Five Star Group was not in compliance with various covenants. Management has advised the bank of such violations and does not anticipate any problems in obtaining a waiver of these violations and an extension of the current line.

For the year ended December 31, 1992, the Company's working capital decreased by \$10,683,000 to \$44,877,000, reflecting the decrease in cash, cash equivalents, restricted cash and marketable securities, which were used to fund the loss and the reduction of long-term debt. During 1992, the Company reduced its long-term debt by \$6,244,000. Consolidated cash and cash equivalents decreased by \$6,075,000 to \$17,921,000 at December 31, 1992.

The decrease in cash and cash equivalents of \$6,075,000 in 1992 primarily resulted from cash used in operations of \$12,040,000 offset by cash provided by investing and financing activities of \$5,277,000 and \$688,000, respectively. Cash used in operations was primarily required to fund the operating loss for the year. The cash from investing activities was provided by the sales of certain investments and marketable securities, partially offset by investment in property, plant and equipment and intangible assets. Financing activities consisted primarily of repayments and reductions in short-term borrowings and repayments of long-term debt, offset by proceeds from short-term borrowing as well as the elimination of restrictions on a portion of the Company's cash. At December 31, 1992, the Company at the parent company level had substantially exhausted its ability to borrow funds from its subsidiaries under their respective line of credit arrangements.

The Company's principal manufacturing facilities were constructed subsequent to 1976 and management does not anticipate having to replace major facilities in the near term. As of December 31, 1992, the Company has not contractually committed itself for any other new major capital expenditures.

SIGNATURE

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

NATIONAL PATENT DEVELOPMENT  
CORPORATION

By: /s/ Jerome I. Feldman  
Jerome I. Feldman, President  
and Chief Executive Officer

Dated: January 12, 1994



EXHIBIT 24

CONSENT OF INDEPENDENT AUDITORS

THE BOARD OF DIRECTORS  
NATIONAL PATENT DEVELOPMENT CORPORATION

We consent to incorporation by reference in the Registration Statement (No. 33-71698, No. 33-66634 and No. 33-63670) on Form S-3 and the Registration Statement (No. 33-26261) on Form S-8 of National Patent Development Corporation and subsidiaries of our report dated March 16, 1993, relating to the consolidated balance sheets of National Patent Development Corporation as of December 31, 1992 and 1991 and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1992, which report appears in Form 10-K/A for the year ended December 31, 1992 of National Patent Development Corporation.

KPMG PEAT MARWICK

New York, New York  
January 18, 1994

