

ANNUAL REPORT
DECEMBER 31, 2015

ORBIT INTERNATIONAL CORP. AND SUBSIDIARIES

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OTC Pink Basic Disclosure Guidelines

1) Name of the issuer and its predecessors (if any)

Orbit International Corp.

2) Address of the issuer's principal executive offices

Company Headquarters
Address 1: 80 Cabot Court
Address 2: Hauppauge, NY 11788
Address 3:
Phone: 631-435-8300
Email: info@orbitintl.com
Website(s): www.orbitintl.com

IR Contact
Address 1: 80 Cabot Court
Address 2: Hauppauge, NY 11788
Address 3:
Phone: 631-435-8300
Email: dgoldman@orbitintl.com
Website(s): www.orbitintl.com

3) Security Information

Trading Symbol: ORBT
Exact title and class of securities outstanding: Common Stock
CUSIP: 685559304
Par or Stated Value: $.10
Total shares authorized:10,000,000 as of: 12/31/2015
Total shares outstanding: 4,383,358 as of: 12/31/2015

Additional class of securities (if necessary):
Trading Symbol:
Exact title and class of securities outstanding:
CUSIP:
Par or Stated Value:
Total shares authorized: as of:
Total shares outstanding: as of:

Transfer Agent
Name: American Stock Transfer and Trust Company, LLC
Address 1: 6201 15th Avenue
Address 2: Brooklyn, NY 11219
Address 3:
Phone: 718-921-8200
Is the Transfer Agent registered under the Exchange Act?* Yes: ☒ No: ☐

*To be included in the OTC Pink Current Information tier, the transfer agent must be registered under the Exchange Act.

List any restrictions on the transfer of security:

None.

Describe any trading suspension orders issued by the SEC in the past 12 months.

None.

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None.

4) Issuance History

List below any events, in chronological order, that resulted in changes in total shares outstanding by the issuer in the past two fiscal years and any interim period. The list shall include all offerings of equity securities, including debt convertible into equity securities, whether private or public, and all shares or any other securities or options to acquire such securities issued for services, describing (1) the securities, (2) the persons or entities to whom such securities were issued and (3) the services provided by such persons or entities. The list shall indicate:

A. The nature of each offering (e.g., Securities Act Rule 504, intrastate, etc.);

The Company had no offerings in the past two years.
The following is a reconciliation of the Company's outstanding shares from 1/1/14-12/31/15:

Outstanding shares at 1/1/14	4,520,298
Purchase of treasury shares (1/1/14-12/31/14)	(26,580)
Forfeiture of restricted shares (1/1/14-12/31/14):	
David Gutman-Former President, TDL	(8,600)
Outstanding shares at 12/31/14	4,485,118
Purchase of treasury shares (1/1/15-12/31/15)	(101,760)
Outstanding shares at 12/31/15	4,383,358

B. Any jurisdictions where the offering was registered or qualified;

N/A

C. The number of shares offered;
N/A

D. The number of shares sold;

N/A

E. The price at which the shares were offered, and the amount actually paid to the issuer;

N/A

F. The trading status of the shares; and

N/A

G. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act.

N/A

5) Financial Statements

Provide the financial statements described below for the most recent fiscal year end or quarter end to maintain qualification for the OTC Pink Current Information tier. For the initial disclosure statement (qualifying for Current Information for the first time) please provide reports for the two previous fiscal years and any interim periods.

A. Balance sheet;
B. Statement of income;
C. Statement of cash flows;
D. Financial notes; and
E. Audit letter, if audited

The financial statements requested pursuant to this item shall be prepared in accordance with US GAAP by persons with sufficient financial skills.

You may either (i) attach/append the financial statements to this disclosure statement or (ii) post such financial statements through the OTC Disclosure & News Service as a separate report using the appropriate report name for the applicable period end. ("Annual Report," "Quarterly Report" or "Interim Report").

If you choose to publish the financial reports separately as described in part (ii) above, you must state in the accompanying disclosure statement that such financial statements are incorporated by reference. You may reference the document(s) containing the required financial statements by indicating the document name, period end date, and the date that it was posted to otciq.com in the field below.

Information contained in a Financial Report is considered current until the due date for the subsequent Financial Report. To remain in the OTC Pink Current Information tier, a company must post its Annual Report within 90 days from its fiscal year-end date and Quarterly Reports within 45 days of its fiscal quarter-end date.

The Company's annual audited consolidated financial statements are included herein beginning on page 11.

6) Describe the Issuer's Business, Products and Services

Describe the issuer's business so a potential investor can clearly understand the company. In answering this item, please include the following:

A. a description of the issuer's business operations;

Orbit International Corp. conducts its operations through its Electronics and Power Groups. Its Electronics Group is comprised of its Orbit Instrument, Tulip Development Laboratory ("TDL") and Integrated Combat Systems ("ICS") Divisions. Through its Orbit Instrument and TDL Divisions, it is engaged in the design, manufacture and sale of customized electronic components and subsystems. ICS, based in Louisville, Kentucky, performs systems integration for gun weapons systems and fire control interface, cable and harness assembly, as well as logistics support and documentation. The Power Group is comprised of its wholly owned subsidiary, Behlman Electronics Inc. ("Behlman"), and is engaged in the design and manufacture of high quality commercial power units, AC power, frequency converters, uninterruptible power supplies and commercial-off-the-shelf ("COTS") power solutions.

B. Date and State (or Jurisdiction) of Incorporation:

Orbit International Corp. was incorporated under the laws of the State of New York on April 4, 1957 as Orbit Instrument Corp. In December 1986, the state of incorporation was changed from New York to Delaware and in July 1991, the name was changed to Orbit International Corp.

C. the issuer's primary and secondary SIC Codes;

3679 (Electronic Components, not elsewhere classified)

D. the issuer's fiscal year end date;

December 31

E. principal products or services, and their markets;

The Electronics Group's ("OEG") principal products include remote control units ("RCU"), intercommunication panels, displays, keyboards, keypads and pointing devices, operator control trays, command display units ("CDU'S"), MK 110 signal data converter ("SDC"), and cable and harness assemblies. These products are used primarily in support of military programs. The Power Group's principal products include power supplies, frequency converters, uninterruptible power supply products and inverters. These products are primarily used in commercial applications and in support of military programs.

7) Describe the Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

Our plant and executive offices are located at 80 Cabot Court, Hauppauge, New York. This facility, which consists of approximately 60,000 square feet (of which approximately 50,000 square feet are available for manufacturing operations) in a two-story, brick building, was completed in October 1982 and expanded in 1985. We are currently operating this facility at approximately 70% of capacity. In

March 2001, we completed a sale-leaseback transaction whereby we sold our land and building for $3,000,000 and entered into a twelve-year net lease with the buyer of the property. Effective January 1, 2011, we entered into an amendment to the lease. The amendment extended the lease expiration date to December 31, 2021 and modified the lease payments as follows: approximately $32,500 per month for January 2011 through December 2013, approximately $35,400 per month for January 2014 through December 2016, and approximately $38,600 per month for January 2017 through December 2021. In connection with the lease amendment, our landlord agreed, at its sole expense, to make certain improvements to the facility.

In December 2007, our Behlman subsidiary entered into a lease for a 2,000 square foot facility at 2363 Teller Road, Unit 108, Newbury Park, California, which is used as a selling office for all of the Company's operating units. In December 2012, the lease was amended whereby the expiration date was extended to December 31, 2017 at a lease payment of approximately $2,300 per month for the term of the lease.

In April 2009, our TDL subsidiary entered into a five-year lease, which expired October 31, 2014, for a 50,000 square foot facility at 300 Commerce Boulevard, Quakertown, Pennsylvania. This facility was used for manufacturing, engineering and administration. TDL only paid certain operating expenses from April through October 2009 and lease payments commenced November 1, 2009. In December 2011 and October 2012, the lease was amended. The lease provided for lease payments of approximately $15,300 per month for the first four years of the lease and approximately $17,800 per month for the fifth year. In October 2013, we decided to consolidate our Quakertown, PA facility into our Hauppauge, NY facility. The consolidation was completed prior to June 30, 2014 and the lease was not renewed.

Our ICS division operates out of a facility in Louisville, Kentucky. In March 2014, ICS entered into a lease for a three-year period, with a three-year renewal option, for approximately 4,700 square feet. The lease payments are as follows: approximately $4,100 per month for April 2014 through March 2015, approximately $4,300 per month for April 2015 through March 2016, and approximately $4,500 per month for April 2016 through March 2017.

8) Officers, Directors, and Control Persons

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant shareholders.

A. Names of Officers, Directors, and Control Persons. In responding to this item, please provide the names of each of the issuer's executive officers, directors, general partners and control persons (control persons are beneficial owners of more than five percent (5%) of any class of the issuer's equity securities), as of the date of this information statement.

Officers and Directors
Mitchell Binder-President, CEO and Director
David Goldman-CFO, Treasurer and Assistant Secretary
Mark Tublisky-Secretary
Kenneth Ice-President, Orbit Electronics Group
Ronald Storm-President, Orbit Power Group and Assistant Secretary
Karl Schmidt-Executive Vice President and Chief Operating Officer of the Orbit Electronics and Power Groups
Wayne Cadwallader-Director
Fredric Gruder-Director
Sohail Malad-Director
Bernard Karcinell-Director

Control Persons:

Name and Address	Shares Beneficially Owned	Percentage of Class
Elkhorn Partners Limited Partnership 2222 Skyline Drive Elkhorn, NE 68022	1,460,500 (1)	33.32%
Joseph H. Moglia 130 Vista Del Mar Myrtle Beach, SC 29572	252,600 (1)	5.76%

(1) Based on information provided to the Company.

B. Legal/Disciplinary History. Please identify whether any of the foregoing persons have, in the last five years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

None.

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

None.

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

None.

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred suspended or otherwise limited such person's involvement in any type of business or securities activities.

None.

C. Beneficial Shareholders. Provide a list of the name, address and shareholdings or the percentage of shares owned by all persons beneficially owning more than ten percent (10%) of any class of the issuer's equity securities. If any of the beneficial shareholders are corporate shareholders, provide the name and address of the person(s) owning or controlling such corporate shareholders and the resident agents of the corporate shareholders.

Name and Address	Shares Beneficially Owned	Percentage of Class
Elkhorn Partners Limited Partnership, Alan S. Parsow- General Partner 2222 Skyline Drive Elkhorn, NE 68022	1,460,500 (1)	33.3%

(1) Based on information provided to the Company.

9) Third Party Providers

Please provide the name, address, telephone number, and email address of each of the following outside providers that advise your company on matters relating to operations, business development and disclosure:

Legal Counsel
Name: Irvin Brum
Firm: Ruskin Moscou Faltischek P.C.
Address 1: 1425 RXR Plaza
Address 2: East Tower, 15th Floor
Uniondale, NY 11556
Phone: 516-663-6610
Email: ibrum@rmfpc.com

Accountant or Auditor
Name: Stephen Ebinger
Firm: CohnReznick LLP
Address 1: 100 Jericho Quadrangle
Address 2: Jericho, NY 11753
Phone: 516-336-5502
Email: stephen.ebinger@cohnreznick.com

Investor Relations Consultant-N/A

Other Advisor: Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement.-N/A

10) Issuer Certification

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles, but having the same responsibilities).

The certifications shall follow the format below:

I, Mitchell Binder certify that:

1. I have reviewed this annual report of Orbit International Corp.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2016

/s/ Mitchell Binder
CEO

I, David Goldman certify that:

1. I have reviewed this annual report of Orbit International Corp.;

2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

March 30, 2016

/s/ David Goldman
CFO

Independent Auditor's Report

To the Board of Directors and Stockholders
Orbit International Corp.

We have audited the accompanying consolidated financial statements of Orbit International Corp. and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2015 and 2014, and the related consolidated statements of operations and comprehensive income (loss), stockholders' equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Orbit International Corp. and Subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

/s/ CohnReznick LLP
Jericho, New York
March 30, 2016

ORBIT INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31,	2015	2014
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,747,000	$ 2,139,000
Investments in marketable securities	235,000	284,000
Accounts receivable, less allowance for doubtful accounts of $125,000 at 2015 and 2014, respectively.	3,264,000	1,891,000
Inventories	10,694,000	11,089,000
Income tax receivable	9,000	2,000
Other current assets	259,000	220,000
Total current assets	16,208,000	15,625,000
Property and equipment, net	408,000	641,000
Goodwill	868,000	868,000
Other assets	40,000	40,000
Total Assets	$17,524,000	$17,174,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Line of credit	$ -	$ 1,725,000
Accounts payable	608,000	503,000
Accrued expenses	856,000	902,000
Customer advances	189,000	190,000
Total current liabilities	1,653,000	3,320,000
Line of credit	1,410,000	-
Other liabilities	16,000	37,000
Total liabilities	3,079,000	3,357,000
Commitments and contingencies		
Stockholders' Equity:		
Common stock, $.10 par value, 10,000,000 shares authorized, 5,137,000 and 5,223,000 shares issued at 2015 and 2014, respectively, and 4,383,000 and 4,485,000 shares outstanding at 2015 and 2014, respectively	514,000	522,000
Additional paid-in capital	22,659,000	22,848,000
Treasury stock, at cost, 754,000 and 738,000 shares at 2015 and 2014, respectively	(2,273,000)	(2,225,000)
Accumulated other comprehensive loss	(37,000)	(8,000)
Accumulated deficit	(6,418,000)	(7,320,000)
Stockholders' equity	14,445,000	13,817,000
Total Liabilities and Stockholders' Equity	$17,524,000	$17,174,000

See Notes to Consolidated Financial Statements

ORBIT INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

Years ended December 31,	**2015**	**2014**
Net sales	$20,130,000	$19,160,000
Cost of sales	12,464,000	12,549,000
Gross profit	7,666,000	6,611,000
Selling, general and administrative expenses	6,730,000	8,575,000
Interest expense	35,000	41,000
Investment and other income, net	(24,000)	(36,000)
Total expenses, net	6,741,000	8,580,000
Income (loss) before income tax provision	925,000	(1,969,000)
Income tax provision	23,000	32,000
Net income (loss)	**902,000**	**(2,001,000)**
Change in unrealized gains and (losses) on marketable securities, net of income tax of $19,000 and $3,000, respectively	(29,000)	(3,000)
Comprehensive income (loss)	$ 873,000	$ (2,004,000)
Net income (loss) per common share:		
Basic	$ 0.21	$ (0.46)
Diluted	$ 0.21	$ (0.46)
Weighted average number of common shares outstanding:		
Basic	4,358,000	4,384,000
Diluted	4,358,000	4,384,000

See Notes to Consolidated Financial Statements

ORBIT INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

Years ended December 31, 2015 and 2014

	Common Stock 10,000,000 Shares Authorized							
	Shares Issued	Amount	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock Shares	Treasury Stock Amount	Accumulated Other Comprehensive Loss, Net of Income Tax	Total
Balance at January 1, 2014	5,232,000	$523,000	$22,824,000	$(5,319,000)	711,000	$(2,133,000)	$ (5,000)	$15,890,000
Share-based compensation expense	-	-	92,000	-	-	-	-	92,000
Forfeiture of restricted stock	(9,000)	(1,000)	-	-	-	-	-	(1,000)
Purchase of treasury stock	-	-	-	-	27,000	(92,000)	-	(92,000)
Stock option redemption	-	-	(68,000)					(68,000)
Change in unrealized gains and losses on marketable securities, net of income tax	-	-	-	-	-	-	(3,000)	(3,000)
Net loss	-	-	-	(2,001,000)	-	-	-	(2,001,000)
Balance at December 31, 2014	5,223,000	522,000	22,848,000	(7,320,000)	738,000	(2,225,000)	(8,000)	13,817,000
Share-based compensation expense	-	-	55,000	-	-	-	-	55,000
Retirement of treasury stock	(86,000)	(8,000)	(244,000)	-	(86,000)	252,000	-	-
Purchase of treasury stock					102,000	(300,000)		(300,000)
Change in unrealized gains and losses on marketable securities, net of income tax	-	-	-	-	-	-	(29,000)	(29,000)
Net income	-	-	-	902,000	-	-	-	902,000
Balance at December 31, 2015	5,137,000	$514,000	$22,659,000	$(6,418,000)	754,000	$(2,273,000)	$ (37,000)	$14,445,000

See Notes to Consolidated Financial Statements

ORBIT INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31,	2015	2014
Cash flows from operating activities:		
Net income (loss)	$ 902,000	$ (2,001,000)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Share-based compensation expense	55,000	92,000
Depreciation and amortization	273,000	440,000
Bond (discount) premium amortization	(5,000)	(3,000)
Gain on sale or disposal of property and equipment	-	(5,000)
Loss (gain) on sale of marketable securities	3,000	(5,000)
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(1,373,000)	1,090,000
Decrease in inventories	395,000	714,000
Increase in income tax receivable	(7,000)	(2,000)
(Increase) decrease in other current assets	(39,000)	44,000
Increase in other assets	-	(5,000)
Decrease in liability associated with non-renewal of senior officer contract	-	(36,000)
Increase (decrease) in accounts payable	105,000	(7,000)
(Decrease) increase in customer advances	(1,000)	173,000
Decrease in income taxes payable	-	(25,000)
Decrease in accrued expenses	(46,000)	(251,000)
(Decrease) increase in other liabilities	(21,000)	37,000
Net cash provided by operating activities	241,000	250,000
Cash flows from investing activities:		
Purchase of marketable securities	(225,000)	(693,000)
Proceeds from sale of marketable securities	247,000	657,000
Purchase of property and equipment	(40,000)	(118,000)
Proceeds from sale of property and equipment	-	16,000
Net cash used in investing activities	(18,000)	(138,000)
Cash flows from financing activities:		
Purchase of treasury stock	(300,000)	(92,000)
Stock option redemption	-	(68,000)
Repayments of line of credit	(315,000)	(375,000)
Net cash used in financing activities	(615,000)	(535,000)

(continued)

ORBIT INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)

Years ended December 31,	2015	2014
Net decrease in cash and cash equivalents	$ (392,000)	$ (423,000)
Cash and cash equivalents at beginning of year	2,139,000	2,562,000
Cash and cash equivalents at end of year	$ 1,747,000	$ 2,139,000
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 35,000	$ 42,000
Cash paid during the year for income taxes	$ 30,000	$ 59,000

See Notes to Consolidated Financial Statements

1. ORGANIZATION AND BUSINESS:

The consolidated financial statements include the accounts of Orbit International Corp. and its wholly owned subsidiaries (collectively, the "Company"). All significant intercompany transactions have been eliminated in consolidation.

The Company currently operates in two reporting segments, the Electronics Group and the Power Group. The Electronics Group is comprised of the Company's Orbit Instrument ("Orbit"), Tulip Development Laboratory ("TDL") and Integrated Combat Systems ("ICS") divisions. Orbit and TDL are engaged in the design and manufacture of electronic components and subsystems. ICS performs system integration for gun weapons systems and fire control interface as well as logistics support and documentation. The Power Group is comprised of the Company's Behlman subsidiary and is engaged in the design and manufacture of commercial and custom power units. The Electronics Group and the Power Group both conduct their operations in the United States. The majority of the Company's customers are comprised of various agencies and prime and lower tier subcontractors of the U.S. government.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

General

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. On an ongoing basis, the Company re-evaluates its judgments and estimates including those related to inventory valuation, the valuation allowance on its deferred tax assets, goodwill impairment, valuation of share-based compensation and other-than-temporary impairment on marketable securities, among others.

Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Company maintains cash in bank deposit accounts, which, at times, exceed federally insured limits. The Company has not experienced any losses on these accounts.

Marketable Securities

The Company's investments are classified as available-for-sale securities and are stated at fair value, based on quoted market prices, with the unrealized gains and losses, net of income tax, reported in accumulated other comprehensive income (loss). Realized gains and losses are included in investment income. Any decline in value judged to be other-than-temporary on available-for-sale securities are included in earnings to the extent they relate to a credit loss. A credit loss is the difference between the present value of cash flows expected to be collected from the security and the amortized cost basis. The amount of any impairment related to other factors will be recognized in comprehensive income (loss). The cost of securities is based on the specific-identification method. Interest and dividends on such securities are included in investment income.

Allowance for Doubtful Accounts

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Company estimates doubtful accounts based on historical bad debts, factors related to specific customers' ability to pay and current economic trends. The Company writes off accounts receivable against the allowance when a balance is determined to be uncollectible.

Inventories

Inventories, which consist of raw materials, work-in-process, and finished goods, are recorded at the lower of cost (average cost method) or market. Inventories are shown net of any reserves relating to any potential slow moving or obsolete inventory.

Property and Equipment

Property and equipment is recorded at cost. Depreciation and amortization of the respective assets are computed using the straight-line method over their estimated useful lives ranging from 3 to 10 years. Leasehold improvements are amortized using the straight-line method over the remaining term of the lease or the estimated useful life of the improvement, whichever is less.

Long-Lived Assets

When impairment indicators are present, the Company reviews the carrying value of its long-lived assets in determining the ultimate recoverability of their unamortized values using future undiscounted cash flow analyses. In the event the future undiscounted cash flows of the long-lived asset are less than the carrying value, the Company will record an impairment charge for the difference between the carrying value and the fair value of the long-lived asset.

Goodwill

The Company records goodwill as the excess of purchase price over the fair value of identifiable net assets acquired. In accordance with Accounting Standards Codification ("ASC") 350, goodwill is not amortized but instead tested for impairment on at least an annual basis. The Company, where appropriate, will utilize Accounting Standards Update ("ASU") 2011-08 which allows the Company to not perform the two-step goodwill impairment test if it determines that it is not more likely than not that the fair value of the reporting unit is less than the carrying amount based on a qualitative assessment of the reporting unit. The Company's annual goodwill impairment test is performed in the fourth quarter each year or sooner when impairment indicators are present. If the goodwill is deemed to be impaired, the difference between the carrying amount reflected in the consolidated financial statements and the estimated fair value is recognized as an expense in the period in which the impairment occurs. In determining the recoverability of goodwill, assumptions are made regarding estimated future cash flows and other factors to determine the fair value of the assets.

Income Taxes

The Company recognizes deferred tax assets and liabilities in accordance with ASC 740 based on the expected future tax consequences of events that have been included in the consolidated financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the difference between the consolidated financial statements and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. Valuation allowances have been established to reduce deferred tax assets to the amount expected to be realized. The Company evaluates uncertain tax positions and accounts for such items in accordance with ASC 740-10. The Company is subject to federal income taxes and files a consolidated U.S. federal income tax return. In addition to the federal tax return, the Company files income tax returns in various state jurisdictions on both an unconsolidated and consolidated basis depending on the respective state. The Company is subject to routine income tax audits in various jurisdictions and tax returns remain open to examination by such taxing authorities in accordance with their respective statutes.

Revenue and Cost Recognition

The Company recognizes its revenue upon the shipment of product. The Company recognizes such revenue when title and risk of loss are transferred to the customer and when: i) there is persuasive evidence that an arrangement with the customer exists, which is generally a customer purchase order, ii) the selling price is fixed and determinable, iii) collection of the customer receivable is deemed probable, and iv) the Company does not have any continuing obligations.

All contracts are for products made to customer specifications with no right of return. All units are shipped with a one-year warranty. There were no material warranty claims during the years ended December 31, 2015 and 2014.

Comprehensive Income (Loss)

Comprehensive income (loss) consists of net income (loss) and unrealized gains and losses on marketable securities, net of tax. The Company has elected to present the components of net income (loss), the components of other comprehensive income (loss) and total comprehensive income (loss) as a single continuous statement.

Stock-Based Compensation

The Company accounts for stock-based compensation awards based on the fair value of the awards on the date of grant and expenses such compensation over the vesting periods of the awards.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net earnings (loss) by the weighted average number of shares of common stock outstanding. Diluted earnings (loss) per share is computed by dividing net earnings (loss) by the sum of the weighted average number of shares of common stock and the dilutive effect of unexercised stock options and the unearned portion of restricted stock awards.

Deferred Rent

The Company’s leases have escalation clauses which are recognized on a straight-line basis over the life of the lease. The amounts are recorded in accrued expenses in the accompanying consolidated financial statements.

Freight and Delivery Costs

The Company's freight out and delivery costs were $90,000 and $93,000 for the years ended December 31, 2015 and 2014, respectively. These costs are included in selling, general and administrative expenses.

Research and Development Expenses

Research and development costs are expensed when incurred. The Company expensed approximately $1,549,000 and $1,724,000 for research and development during the years ended December 31, 2015 and 2014, respectively, which is included in selling, general and administrative expenses.

3. INVENTORIES: Inventories consist of the following:

December 31,	2015	2014
Raw materials	$ 6,502,000	$ 6,934,000
Work-in-process	3,788,000	3,884,000
Finished goods	404,000	271,000
	$10,694,000	$11,089,000

4. MARKETABLE SECURITIES: The following is a summary of the Company's available-for-sale marketable securities at December 31, 2015 and 2014:

December 31, 2015	Adjusted Cost	Fair Value	Unrealized Holding Loss
Corporate Bonds	$ 296,000	$ 235,000	$ (61,000)
December 31, 2014			
Corporate Bonds	$ 297,000	$ 284,000	$ (13,000)

Maturities of marketable securities classified as available-for-sale at December 31, 2015 are as follows:

Due after one year through ten years	$296,000

5. FAIR VALUE OF FINANCIAL INSTRUMENTS: ASC 820, *Fair Value Measurements and Disclosures,* establishes a framework for measuring fair value in GAAP and expands disclosure about fair value measurements. This statement enables the reader of the consolidated financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The statement requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.
Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.
Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Company performs a detailed analysis of the assets and liabilities that are subject to ASC 820.

The tables below present the balances, as of December 31, 2015 and 2014, of assets and liabilities measured at fair value on a recurring basis by level within the hierarchy.

2015	Total	Level 1	Level 2	Level 3
Corporate Bonds	$ 235,000	$ 235,000	$ -	$ -
2014	Total	Level 1	Level 2	Level 3
Corporate Bonds	$ 284,000	$ 284,000	$ -	$ -

6. GOODWILL: At December 31, 2015 and 2014, the Company's goodwill was $868,000.

At December 31, 2015 and 2014, in connection with the annual impairment testing pursuant to ASC 350, the Company performed a qualitative assessment of Behlman's goodwill. Based on the assessment, the Company concluded at December 31, 2015 and 2014 that the fair value of Behlman was more likely than not greater than its carrying amount. The Company's conclusion was based on certain factors, such as: i) Behlman's bookings and revenue in 2015 and 2014, (ii) Behlman's net income in 2015 and 2014, and (iii) Behlman's backlog at December 31, 2015 and 2014.

7. PROPERTY AND EQUIPMENT: Property and equipment, at cost, consist of the following:

December 31,	2015	2014
Leasehold improvements	$ 199,000	$ 199,000
Computer equipment	972,000	945,000
Machinery and equipment	1,766,000	1,753,000
Autos	21,000	21,000
Furniture and fixtures	742,000	742,000
	3,700,000	3,660,000
Accumulated depreciation and amortization	(3,292,000)	(3,019,000)
	$ 408,000	$ 641,000

The Company recognized, on a straight-line basis, depreciation and amortization expense of $273,000 and $440,000 for the years ended December 31, 2015 and 2014, respectively. During the year ended December 31, 2014, in connection with the Company's decision to consolidate the operations of its Quakertown, PA facility into its Hauppauge facility, the Company wrote off certain property and equipment and leasehold improvements (including associated accumulated depreciation and amortization expense thereon). In addition, during the year ended December 31, 2014, the Company recorded approximately $161,000 of accelerated amortization and depreciation expense relating to a change in useful life on certain TDL fixed assets associated with the decision to consolidate the operations of its Quakertown, PA based TDL facility into its Hauppauge, NY facility.

8. DEBT: On November 8, 2012, the Company entered into a credit agreement ("Credit Agreement") with a commercial lender pursuant to which the Company established a committed line of credit of up to $6,000,000. This line of credit was used to pay off, in full, all of the Company's obligations to its former primary lender and to provide for its general working capital needs. In June 2013, the Company's Credit Agreement was amended whereby the Company is permitted to purchase up to $400,000 of its common stock in each year beginning July 1 and ending June 30 during the term of the Credit Agreement. The Company was not in compliance with one of the financial covenants contained in its Credit Agreement at December 31, 2014. In March 2015, the Company's Credit Agreement was amended whereby (i) compliance with the Company's consolidated fixed charge coverage ratio was waived for the year ended December 31, 2014, (ii) the Company's consolidated fixed charge coverage ratio was amended and compliance with such amended ratio was waived for the quarter ending March 31, 2015, (iii) the Company is required to maintain consolidated tangible net worth of no less than $12,350,000 for each quarter beginning with the quarter ending March 31, 2015, (iv) the line of credit was reduced to $4,000,000 from $6,000,000, and (v) the Company is no longer required to have an aggregate of cash, marketable securities and excess

availability under its borrowing base of no less than $3,000,000. In October 2015, the Company's Credit Agreement was further amended whereby the expiration date on its credit facility was extended to August 1, 2017.

Payment of interest on the line of credit is due at a rate per annum as follows: either (i) variable at the lender's prime lending rate (3.50% at December 31, 2015) and/or (ii) 2% over LIBOR for 30, 60 and 90 day LIBOR maturities, at the Company's sole discretion. The line of credit is collateralized by a first priority security interest in all of the Company's tangible and intangible assets. Outstanding borrowings under the line of credit were $1,410,000 at December 31, 2015 at an interest rate of 2.34% representing 2% plus the 30 day LIBOR rate. Outstanding borrowings under the line of credit were $1,725,000 at December 31, 2014 at an interest rate of 2.16% representing 2% plus the 30 day LIBOR rate. The Company had approximately $2,590,000 of availability under its line of credit at December 31, 2015.

The Credit Agreement contains customary affirmative and negative covenants and certain financial covenants. Additionally, available borrowings under the line of credit are subject to a borrowing base of eligible accounts receivable and inventory. All outstanding borrowings under the line of credit are accelerated and become immediately due and payable (and the line of credit terminates) in the event of a default, as defined, under the Credit Agreement. The Company was in compliance with the financial covenants contained in its Credit Agreement at December 31, 2015.

9. STOCK-BASED COMPENSATION PLANS:

The Company had stock-based employee compensation plans, which provided for the granting of nonqualified and incentive stock options, as well as restricted stock awards and stock appreciation rights to officers, employees and key persons. The plans granted options at the market value of the Company's stock on the date of such grant and all options expired ten years after grant. The terms and vesting schedules for stock-based awards vary by type of grant and generally the awards vest based upon time-based conditions. Stock option exercises were funded through the issuance of the Company's common stock. Stock-based compensation expense for the years ended December 31, 2015 and 2014 was $55,000 and $92,000, respectively.

There are currently no stock-based compensation plans in effect that provide for the granting of stock options or restricted shares.

The following table summarizes the Company's nonvested restricted stock activity for the year ended December 31, 2015:

	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested restricted stock at January 1, 2015.....	103,000	$3.23
Granted	-	-
Vested.....	(17,000)	3.23
Forfeited.....	-	-
Nonvested restricted stock at December 31, 2015……	86,000	$3.23

The Company's stock-based employee compensation plans allowed for the issuance of restricted stock awards that may not be sold or otherwise transferred until certain restrictions have lapsed. The unearned stock-based compensation related to restricted stock granted is being amortized to compensation expense over the vesting period, which is seven years. The share-based expense for these awards was determined based on the market price of the Company's stock at the date of grant applied to the total number of shares that were anticipated to vest. As of December 31, 2015, the Company had unearned compensation of $225,000 associated with all of the Company's restricted stock awards, which will be expensed over approximately the next five years. The unvested portion of restricted stock awards at December 31, 2015 and 2014 was approximately 86,000 and 103,000 shares, respectively.

10. EMPLOYEE BENEFIT PLAN:

A defined contribution plan provides benefits to certain employees who meet specified minimum service and age requirements. The plan provides for contributions by the Company equal to 1/2 of employee contributions (but not more than 2% of eligible compensation) and the Company may make additional contributions out of current or accumulated net earnings at the sole discretion of the Company's management.

The Company contributed approximately $95,000 and $118,000 to the plan during the years ended December 31, 2015 and 2014, respectively.

11. INCOME TAXES:

The Company is subject to federal income taxes and files a consolidated U.S. federal income tax return. In addition to the federal tax return the Company files income tax returns in various state jurisdictions on a combined or separate basis.

At December 31, 2015 and 2014, the Company recorded a full valuation allowance on its net deferred tax asset. The full valuation allowance was recorded as a result of the conclusion that the Company, more likely than not, will not generate sufficient future taxable income to utilize its net operating loss carryforwards and other temporary differences. This conclusion was based on the Company’s cumulative pre-tax losses for the three most recent years and the challenging U.S. defense budget environment which has made it difficult to project revenue and profitability in future years with any degree of confidence.

At December 31, 2015 and 2014, the Company has an alternative minimum tax credit of approximately $573,000 with no limitation on the carryforward period. The Company also has federal and New York state net operating loss carryforwards of approximately $10,000,000 and $3,000,000, respectively, at December 31, 2015. The net operating loss carryforwards expire from 2018 through 2034.

The reconciliation of income tax computed at the U.S. federal statutory tax rates to income tax expense is as follows:

December 31,	2015	2014
Tax at U.S. statutory rates	34.0%	(34.0)%
State income and federal minimum taxes	2.0%	2.0%
Change in valuation allowance	(36.0)%	32.0%
Other items, net	2.0%	2.0%
	2.0%	2.0%

Deferred tax assets (liabilities) are comprised of the following:

December 31,	2015	2014
Alternative minimum tax credit carryforward	$ 573,000	$ 573,000

Net operating loss carryfowards	3,915,000	4,172,000
Temporary differences in bases of assets and liabilities:		
Accounts receivable and inventory	661,000	413,000
Accrued expenses	93,000	114,000
Stock-based compensation	-	20,000
Goodwill	851,000	1,068,000
Intangible assets	578,000	679,000
Property and equipment	(31,000)	55,000
	2,152,000	2,349,000
Total deferred tax assets, net	6,640,000	7,094,000
Valuation allowance	(6,640,000)	(7,094,000)
Net deferred tax assets	$ -	$ -

The income tax provision consists of the following:

	2015	2014
Current income tax expense	$ 23,000	$ 32,000
Deferred income tax expense (benefit), net	-	-
Total	$ 23,000	$ 32,000

As of December 31, 2015 and 2014, the Company has no material uncertain tax positions. The Company is subject to routine income tax audits in various jurisdictions and tax returns from December 31, 2012 remain open to examination by such taxing authorities. The Company did not record any tax related interest or penalties.

12. SIGNIFICANT CUSTOMERS AND CONCENTRATIONS OF CREDIT RISK:

Sales to significant customers accounted for approximately 39% (15%, 13%, and 11%) and 15% of the Company's consolidated net sales for the years ended December 31, 2015 and 2014, respectively. The significant customers of the Company accounted for approximately 50% (22%, 18%, and 10%) of its consolidated accounts receivable balance at December 31, 2015. The majority of the Company's consolidated sales are related to programs procured by the Department of Defense.

For the years ended December 31, 2015 and 2014, significant customers of the Company's Electronics Group accounted for approximately 41% (28% and 13%) and 54% (27%, 15%, and 12%), respectively, of the Electronics Group's net sales. Significant customers of the Company's Electronics Group accounted for approximately 56% (35% and 21%), of the Electronics Group's accounts receivable balance at December 31, 2015.

Significant customers of the Company's Power Group accounted for approximately 50% (27% and 23%) and 40% (14%, 13%, and 13%) of the Power Group's net sales for the years ended December 31, 2015 and 2014, respectively. Significant customers of the Company's Power Group accounted for approximately 72% (46% and 26%), of the Power Group's accounts receivable balance at December 31, 2015. A substantial portion of the net sales is subject to audit by agencies of the U.S. government. In the opinion of management, adjustments to such sales, if any, will not have a material effect on the Company's consolidated financial position or results of operations.

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of cash and trade receivables from its customers.

The Company performs credit evaluations on its customers and collateral is generally not required. Credit losses are provided for in the consolidated financial statements during the period in which an impairment has been determined.

13. LEASING ARRANGEMENTS:

The Company entered into a sale-leaseback of its New York operating facility in 2001. Effective January 1, 2011, the Company entered into an amendment to its lease. The amendment extended the lease expiration date to December 31, 2021 and modified the annual lease payments as follows: approximately $390,000 per year for the years 2011 through 2013, approximately $424,800 per year for the years 2014 through 2016, and approximately $463,200 per year for the years 2017 through 2021. The Company's landlord agreed, at its sole expense, to make certain improvements to the facility.

The Company's ICS division operates out of a facility in Louisville, Kentucky. In March 2014, ICS entered into a lease for a three-year period, with a three-year renewal option, for approximately 4,700 square feet. The annual lease payments are as follows: approximately $49,200 for the twelve months April 2014 through March 2015, approximately $51,600 for the twelve months April 2015 through March 2016, and approximately $54,000 for the twelve months April 2016 through March 2017.

In October 2013, the Company decided to consolidate its TDL Quakertown, PA facility into its Hauppauge, NY facility. The consolidation was completed in June 2014 and the Company's lease associated with its Quakertown PA facility expired October 31, 2014 and was not renewed.

Additional operating leases are for a sales office and office equipment. The Company has escalation clauses which are recognized on a straight-line basis over the life of the lease. The amounts are recorded in accrued expenses in the accompanying consolidated financial statements.

Future minimum lease payments as of December 31, 2015 under all operating lease agreements that have initial or remaining noncancelable lease terms in excess of one year are as follows:

Year ending December 31,	
2016	$ 559,000
2017	550,000
2018	494,000
2019	487,000
2020	463,000
2021 and thereafter	463,000
Total future minimum lease payments	$3,016,000

Rent expense for operating leases was approximately $514,000 and $697,000 for the years ended December 31, 2015 and 2014, respectively.

14. COMMITMENTS:

The Company has employment agreements with five executive officers. At December 31, 2015, the total contractual obligations under these agreements over the next three years are approximately $2,574,000. In addition, two executive officers are entitled to bonuses based on certain performance criteria, as defined, and three executive officers and five key employees are entitled to bonuses based on a percentage of earnings before taxes, as defined. Total bonus compensation expense was approximately $172,000 and $65,000 for years ended December 31, 2015 and 2014, respectively.

From time to time, the Company may become a party to litigation or other legal proceedings that it considers to be a part of the ordinary course of business. The Company is not currently involved in any other legal proceedings that could reasonably be expected to have a material adverse effect on its business, prospects, financial condition or results of operations.

15. BUSINESS SEGMENTS:

The Company conducts its operations through two business segments, the Electronics Segment (or "Electronics Group") and the Power Units Segment (or "Power Group"). The Electronics Group is comprised of the Orbit Instrument, TDL and ICS Divisions. Through its Orbit Instrument and TDL Divisions, the Company is engaged in the design, manufacture and sale of customized electronic components and subsystems. ICS, located in Louisville, Kentucky, performs systems integration for gun weapons systems and fire control interface, cable and harness assembly, as well as logistics support and documentation. The Power Group is comprised of Behlman and is engaged in the design and manufacture of high quality commercial power units, AC power, frequency converters, uninterruptible power supplies and commercial-off-the-shelf ("COTS") power solutions.

The Company's reportable segments are business units that offer different products with each segment utilizing its own direct labor personnel The Company's reportable segments are each managed separately as they manufacture and distribute distinct products with different production processes. Management evaluates performance of the Company's reportable segments based on each segment's revenue and profitability.

The following is the Company's reporting segment information as of and for the years ended December 31, 2015 and 2014:

Year ended December 31,	2015	2014
Net sales:		
Electronics Group:		
Domestic	$9,751,000	$8,138,000
Foreign	810,000	844,000
Total Electronics Group	10,561,000	8,982,000
Power Group:		
Domestic	9,329,000	9,732,000
Foreign	240,000	446,000
Total Power Group	9,569,000	10,178,000
Total net sales	$20,130,000	$19,160,000
Income (loss) before income tax provision:		
Electronics Group	$ 851,000	$ (2,091,000)
Power Group	800,000	1,065,000
Intersegment profit	-	19,000
General corporate expenses not allocated	(715,000)	(957,000)
Interest expense	(35,000)	(41,000)
Investment and other income, net	24,000	36,000
Income (loss) before income tax provision	$ 925,000	$ (1,969,000)

December 31,	2015	2014
Assets:		
Electronics Group (1)	$ 8,168,000	$ 7,203,000
Power Group (2)	6,479,000	6,699,000
General corporate assets not allocated	2,899,000	3,294,000
Elimination of intersegment gross profit in ending inventory	(22,000)	(22,000)
Total assets	$17,524,000	$ 17,174,000

(1) Includes property and equipment, net of $349,000 and $563,000 at December 31, 2015 and 2014, respectively.

(2) Includes property and equipment, net of $59,000 and $78,000 at December 31, 2015 and 2014, respectively.

Depreciation and amortization:

Electronics Group	$ 226,000	$ 401,000
Power Group	47,000	39,000
Total depreciation and amortization	$ 273,000	$ 440,000

16. NET INCOME (LOSS) PER COMMON SHARE:

The following table sets forth the computation of basic and diluted net income (loss) per common share:

Year Ended December 31,	2015	2014
Denominator:		
Denominator for basic net income (loss) per share - weighted average common shares	4,358,000	4,384,000
Effect of dilutive securities:		
Nonvested restricted stock to employees	-	-
Denominator for diluted net income (loss) per share – weighted average common shares and assumed conversions	4,358,000	4,384,000

The numerator for basic and diluted net income (loss) per share for the years ended December 31, 2015 and 2014 is the net income (loss) for each year.

Approximately 86,000 and 103,000 shares of restricted common stock were outstanding during the years ended December 31, 2015 and 2014, respectively, but were not included in the computation of basic loss per share. These shares were excluded because they represent the unvested portion of restricted stock awards.

17. EQUITY:

On November 6, 2013, the Company's Board of Directors authorized management to purchase up to $400,000 of its common stock pursuant to a buy back program. In conjunction with the buy back program, the Company's Board of Directors authorized management to enter into a 10b5-1 Plan through which the Company purchased $200,000 of its common stock and completed the Plan.

During the current year second quarter and in conjunction with the buy back program, the Company's Board of Directors authorized management to enter into a new 10b5-1 Plan ("2015 10b5-1 Plan") through which the Company was permitted to purchase up to $150,000 of its common stock. From May 14, 2015 to November 13, 2015, the Company purchased a total of 12,140 shares of its common stock under the 2015 10b5-1 Plan, for total cash consideration of approximately $36,000 for an average price of $2.97 per share. During August 2015, the Company's Board of Directors approved the purchase of 86,000 shares of its common stock, for total cash consideration of approximately $252,000, outside of the 2015 10b5-1 Plan. The treasury shares and common shares associated with this purchase were retired in August 2015.

During November 2015, the Company's Board of Directors terminated the 2015 10b5-1 Plan and authorized management to enter into a new 10b5-1 Plan ("2015 Revised 10b5-1 Plan"). The 2015 Revised 10b5-1 Plan allows the Company to purchase up to approximately $122,000 of its common stock during the term of the Plan which expires June 30, 2016. From November 19, 2015 to December 31, 2015, the Company purchased a total of 3,620 shares of its common stock under the 2015 Revised 10b5-1 Plan and from January 1, 2016 to March 15, 2016 the Company purchased a total of 22,890 shares of its common stock under this Plan. From November 19, 2015 to March 15, 2016, the Company purchased a total of 26,510 shares of its common stock under the 2015 Revised 10b5-1 Plan, for total cash consideration of approximately $84,000 for an average price of $3.18 per share.

18. CONSOLIDATION OF OPERATIONS:

In October 2013, the Company decided to consolidate the operations of its TDL subsidiary located in Quakertown, PA into its Orbit International Corp. facility located in Hauppauge, New York. This decision was based on a number of factors, among them, TDL's lease which expired October 31, 2014, the uneven revenue stream at TDL, the uncertainty surrounding defense spending related to budget discussions in Washington DC and the Company's broader focus on cutting costs and promoting operating efficiencies. During the year ended December 31, 2014, the Company incurred a $1,089,000 operating loss from its TDL subsidiary, which included costs associated with the consolidation of its Quakertown facility including approximately $161,000 of accelerated non-cash amortization and depreciation expense.