



Interim

For the three months ended March 31, 1973

Report

Box 2215
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(609) 452-9250

Dear Optel Shareholder:

We are pleased to report that, as evidenced in the accompanying Summary of Financial Information net revenues in the first quarter of 1973 expanded more than ten fold over those of the corresponding three months a year ago.

This revenue increase represents the start of our delivery of watches to our various customers in quantity. Equally as important, the production capacity to deliver substantially higher quantities of watches is in existence at Optel, and the actual numbers delivered is limited primarily by the availability of integrated circuit chips from our suppliers.

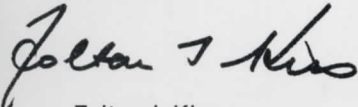
The industry-wide shortage of integrated circuit watch chips is anticipated to continue for the immediate future. To alleviate Optel's dependence on outside suppliers with respect to this key component, we have hired during the past quarter the technical personnel necessary to design and generate our own masks for proprietary integrated circuit chips. We have also initiated arrangements with outside firms possessing the appropriate C/MOS know-how to process these chips. Accordingly, we look forward to an easing of the integrated circuit shortage by the last quarter of this year. Interest by our customers in our electronic watch with a liquid crystal display remains at a high level and we look forward to a continuing increase in sales during the balance of the year.

Summary of Financial Information

(Subject to audit and year end adjustments)

For the Three Months Ended
March 31

	1973	1972
Net revenues	\$ 318,397	\$ 24,895
Net loss	521,353	312,350
Net loss/share	47¢	48¢
Shareholder's equity	2,882,132	(58,321)
Working capital	2,053,745	(318,945)
Total assets	3,838,399	406,837


Zoltan J. Kiss
President and
Chairman of the Board

April 30, 1973