

SUTRON CORP  
Form 10-Q  
August 13, 2012

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q  
\_\_\_\_\_

x QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2012

Commission file number: 0-12227

SUTRON CORPORATION  
(Name of small business issuer as specified in its charter)

VIRGINIA  
(State or other jurisdiction of incorporation or organization)

54-1006352  
(I.R.S. Employer Identification No.)

22400 Davis Drive, Sterling, Virginia 20164  
(Address of principal executive offices)

703-406-2800  
(Issuer's telephone number)

Securities registered under Section 12(g) of the Act: Common Stock, \$.01 par value

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the issuer was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one).

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Large accelerated filer	<input type="radio"/>	Accelerated
filer	<input type="radio"/>	
Non-accelerated filer	<input type="radio"/>	Smaller reporting
company	<input checked="" type="radio"/>	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

There were 4,724,632 outstanding shares of the issuer's only class of common equity, Common Stock, \$0.01 par value, on August 14, 2012.

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SUTRON CORPORATION  
FORM 10-Q QUARTERLY REPORT  
FOR THE QUARTER ENDED JUNE 30, 2012

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial statements

SUTRON CORPORATION  
CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 2012	(Audited) December 31, 2011
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$4,813,154	\$8,737,543
Restricted cash and cash equivalents	891,588	760,037
Certificates of deposit	926,227	924,294
Accounts receivable, net	6,430,900	6,754,434
Inventory	4,159,747	3,520,530
Prepaid items and other assets	475,522	322,369
Income taxes receivable	326,181	383,943
Deferred income taxes	585,000	481,000
Total Current Assets	18,608,319	21,884,150
Property and Equipment, Net	1,721,323	1,524,880
Other Assets		
Goodwill	4,628,435	570,150
Other Assets	98,498	103,591
Total Assets	\$25,056,575	\$24,082,771
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities:		
Accounts payable	\$743,436	\$799,007
Accrued payroll	326,368	337,563
Other accrued expenses	1,825,313	1,573,409
Billings in excess of costs and estimated earnings	483,587	201,015
Total Current Liabilities	3,378,704	2,910,994
Long-Term Liabilities		
Deferred rent	1,025,757	1,127,860
Deferred income taxes	76,000	69,000
Total Long-term Liabilities	1,101,757	1,196,860
Total Liabilities	4,480,461	4,107,854
Stockholders' Equity		
Common stock, 12,000,000 shares authorized; 4,724,632 and 4,704,632 issued and outstanding	47,247	47,047
Additional paid-in capital	4,316,865	4,173,828
Retained earnings	16,406,112	15,930,551
Accumulated other comprehensive loss	(194,110 )	(176,509 )

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Total Stockholders' Equity	20,576,114	19,974,917
Total Liabilities and Stockholders' Equity	\$25,056,575	\$24,082,771

See accompanying notes.

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SUTRON CORPORTION  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)  
(Unaudited)

	Three Months Ended June 30,	
	2012	2011
Net sales and revenues	\$ 6,804,168	\$ 3,848,508
Cost of sales and revenues	4,027,666	2,468,422
Gross profit	2,776,502	1,380,086
Operating expenses:		
Selling, general and administrative expenses	1,347,544	929,092
Research and development expenses	627,633	524,208
Total operating expenses	1,975,177	1,453,300
Operating income	801,325	(73,214)
Financing income, net	15,345	24,842
Income (loss) before income taxes	816,670	(48,372)
Income tax expense (benefit)	265,000	(27,000)
Net income (loss)	\$ 551,670	\$ (21,372)
Net income per share:		
Basic income per share	\$ 0.12	\$ -
Diluted income per share	\$ 0.11	\$ -
Comprehensive income (loss) :		
Net income (loss)	\$ 551,670	\$ (21,372)
Foreign currency translation adjustments, net of tax	(35,952)	(416)
Comprehensive income (loss)	\$ 515,718	\$ (21,788)

See accompanying notes.

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SUTRON CORPORTION  
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME  
(Unaudited)

	Six Months Ended June 30,	
	2012	2011
Net sales and revenues	\$ 10,541,349	\$ 8,729,127
Cost of sales and revenues	6,338,255	5,500,416
Gross profit	4,203,094	3,228,711
Operating expenses:		
Selling, general and administrative expenses	2,352,360	1,848,697
Research and development expenses	1,180,901	998,776
Total operating expenses	3,533,261	2,847,473
Operating income	669,833	381,238
Financing income, net	26,728	42,967
Income before income taxes	696,561	424,205
Income tax expense	221,000	144,000
Net income	\$ 475,561	\$ 280,205
Net income per share:		
Basic income per share	\$ 0.10	\$ 0.06
Diluted income per share	\$ 0.09	\$ 0.06
Comprehensive income :		
Net income	475,561	280,205
Foreign currency translation adjustments, net of tax	(12,017 )	3,398
Comprehensive income	\$ 463,544	\$ 283,603

See accompanying notes.

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SUTRON CORPORTION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)

	Six Months Ended June 30,	
	2012	2011
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 475,561	\$ 280,205
<b>Noncash items included in net income:</b>		
Depreciation and amortization	143,365	142,262
Deferred income taxes	(32,134)	(17,000)
Stock based compensation	44,364	45,529
(Gain) loss on disposal of property	-	(400)
Tax benefit from stock options exercised	(9,873)	(9,610)
<b>Change in current assets and liabilities:</b>		
Accounts receivable	323,534	359,414
Inventory	(639,217)	(52,510)
Prepaid items and other assets	(153,153)	(279,282)
Income taxes receivable	67,636	-
Accounts payable	(55,571)	(186,659)
Accrued expenses	49,927	(314,461)
Billings in excess of costs and estimated earnings	282,572	(42,692)
Deferred rent	(102,103)	(69,543)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>394,908</b>	<b>(144,747)</b>
<b>Cash Flows from Investing Activities:</b>		
Restricted cash and cash equivalents	(131,551)	(258,808)
Purchase of property and equipment	(30,264)	(59,988)
Certificate of deposit	(1,933)	(2,734)