

WINLAND ELECTRONICS INC
Form 10-Q
April 30, 2010

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the Quarter Ended:

March 31, 2010

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 No.: 1-15637

WINLAND ELECTRONICS, INC.
(Name of registrant in its charter)

Minnesota

(State or other jurisdiction of incorporation or organization)

41-0992135

(IRS Employer Identification Number)

1950 Excel Drive, Mankato, Minnesota 56001
(Address of principal executive offices)

(507) 625-7231
(Issuer's telephone number)

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

Title of Each Class	Name of Exchange
Common Stock, \$.01 par value	American Stock Exchange
Preferred Stock Purchase Rights	American Stock Exchange

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

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller Reporting Company

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 3,686,435 shares of Common Stock, \$.01 par value, outstanding as of April 28, 2010.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

WINLAND ELECTRONICS, INC.

CONDENSED BALANCE SHEETS
(In Thousands, Except Share Data)

ASSETS	March 31, 2010 (Unaudited)	December 31, 2009
Current Assets		
Cash	\$-	\$55
Accounts receivable, less allowance for doubtful accounts of \$55 and \$49, respectively	2,852	2,823
Refundable income taxes	1,021	1,023
Inventories, less allowance for obsolescence of \$619 and \$562, respectively	3,865	3,039
Prepaid expenses and other assets	287	256
Total current assets	8,025	7,196
Property and equipment at cost	12,035	12,266
Less accumulated depreciation	(7,897)	(7,937)
Net property and equipment	4,138	4,329
Total assets	\$ 12,163	\$ 11,525
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Checks written in excess of bank balances	\$ 123	\$-
Revolving line of credit agreement	546	367
Current maturities of long-term debt	387	380
Accounts payable	1,922	1,132
Accrued expenses:		
Compensation	504	369
Other	75	49
Total current liabilities	3,557	2,297
Long Term Liabilities		
Long-term debt, less current maturities	600	699
Deferred revenue	120	122
Other long term tax liabilities	258	258
Total long-term liabilities	978	1,079
Stockholders' Equity		
Common stock, par value \$0.01 per share; authorized 20,000,000 shares; issued and outstanding 3,686,435 shares as of March 31, 2010 and December 31, 2009	37	37
Additional paid-in capital	5,034	5,016

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Retained earnings	2,557	3,096
Total stockholders' equity	7,628	8,149
Total liabilities and stockholders' equity	\$ 12,163	\$ 11,525

See Notes to Condensed Financial Statements

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WINLAND ELECTRONICS, INC.
CONDENSED STATEMENTS OF OPERATIONS
(In Thousands, Except Share and Per Share Data)
(Unaudited)

	For the Three Months Ended March 31,	
	2010	2009
Net sales	\$4,544	\$7,152
Cost of sales	4,127	6,076
Gross profit	417	1,076
Operating expenses:		
General and administrative	460	626
Sales and marketing	377	368
Research and development	105	147
Total operating expenses	942	1,141
Operating loss	(525)	(65)
Interest Expense and Other:		
Interest expense	(21)	(23)
Other income (expense), net	9	(15)
Total other expense	(12)	(38)