

SUTRON CORP  
Form 10-Q  
November 13, 2009

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

IXI Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2009  
Commission file number: 0-12227

SUTRON CORPORATION

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(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 Number)

22400 Davis Drive, Sterling, Virginia 20164

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(Address of principal executive offices)

703-406-2800

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(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

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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).

|                         |                       |                           |                       |
|-------------------------|-----------------------|---------------------------|-----------------------|
| Large accelerated filer | <input type="radio"/> | Accelerated filer         | <input type="radio"/> |
| Non-accelerated filer   | <input type="radio"/> | Smaller reporting company | <input 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 4,570,632 outstanding shares of the issuer's only class of common equity, Common Stock, \$0.01 par value, on November 14, 2009.

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SUTRON CORPORATION  
FORM 10-Q QUARTERLY REPORT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

SUTRON CORPORATION  
CONSOLIDATED BALANCE SHEETS

|  | (Unaudited)<br>September<br>30,<br>2009 | (Audited)<br>December<br>31,<br>2008 |
|--|---|--------------------------------------|
| <b>ASSETS</b>                                      |   |                                      |
| Current Assets:                                    |   |                                      |
| Cash and cash equivalents                          | \$ 3,654,855                            | \$ 3,705,475                         |
| Restricted cash and cash equivalents               | 1,458,535                               | 784,920                              |
| Accounts receivable, net                           | 5,755,794                               | 3,872,527                            |
| Inventory  | 3,798,136                               | 4,053,788                            |
| Prepaid items and other assets                     | 302,657                                 | 302,633                              |
| Income taxes receivable                            | 83,454                                  | 983,875                              |
| Deferred income taxes                              | 339,000                                 | 308,000                              |
| Total Current Assets                               | 15,392,431                              | 14,011,218                           |
| Property and Equipment, Net                        | 1,925,080                               | 372,745                              |
| Other Assets                                       |   |                                      |
| Goodwill   | 570,150                                 | 570,150                              |
| Other Assets                                       | 131,662                                 | 95,057                               |
| Total Assets                                       | \$ 18,019,323                           | \$ 15,049,170                        |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>        |   |                                      |
| Current Liabilities:                               |   |                                      |
| Accounts payable                                   | \$ 1,028,340                            | \$ 1,200,721                         |
| Accrued payroll                                    | 458,288                                 | 129,142                              |
| Other accrued expenses                             | 1,124,522                               | 794,307                              |
| Notes payable – current                            | –                                       | 2,765                                |
| Bank credit facility                               | 228,621                                 | –                                    |
| Billings in excess of costs and estimated earnings | 53,041                                  | 139,117                              |
| Total Current Liabilities                          | 2,892,812                               | 2,266,052                            |
| Long-Term Liabilities                              |   |                                      |
| Deferred rent                                      | 1,344,488                               | –                                    |
| Deferred income taxes                              | 62,000                                  | 59,000                               |
| Total Long-term Liabilities                        | 1,406,488                               | 59,000                               |
| Total Liabilities                                  | 4,299,300                               | 2,325,052                            |
| Stockholders' Equity                               |   |                                      |
| Common stock                                       | 45,707                                  | 45,707                               |
| Additional paid-in capital                         | 2,888,137                               | 2,778,775                            |
| Retained earnings                                  | 10,881,897                              | 10,009,105                           |
| Accumulated other comprehensive loss               | (95,718)                                | (109,469)                            |
| Total Stockholders' Equity                         | 13,720,023                              | 12,724,118                           |

Total Liabilities and Stockholders' Equity

\$ 18,019,323    \$ 15,049,170

See accompanying notes.

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## SUTRON CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

|  | Three Months Ended    |              |
|--|-----------------------|--------------|
|  | September 30,<br>2009 | 2008         |
| Net sales and revenues                       | \$ 4,536,850          | \$ 4,395,775 |
| Cost of sales and revenues                   | 2,613,524             | 2,856,044    |
| Gross profit                                 | 1,923,326             | 1,539,731    |
| Operating expenses:                          |                       |              |
| Selling, general and administrative expenses | 905,980               | 892,955      |
| Research and product development expenses    | 443,477               | 332,133      |
| Total operating expenses                     |                       |              |