

NORTECH SYSTEMS INC
Form 10-Q
November 14, 2012
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

OR

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

NORTECH SYSTEMS INCORPORATED

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Commission file number **0-13257**

State of Incorporation: **Minnesota**

IRS Employer Identification No. **41-1681094**

Executive Offices: **1120 Wayzata Blvd E., Suite 201, Wayzata, MN 55391**

Telephone number: **(952) 345-2244**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 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 Regulations 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.

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 ☒

Number of shares of \$.01 par value common stock outstanding at November 1, 2012 - 2,742,992

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Table of Contents**PART 1****ITEM 1. FINANCIAL STATEMENTS****NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY****CONSOLIDATED BALANCE SHEETS**

	SEPTEMBER 30 2012 (Unaudited)	DECEMBER 31 2011
ASSETS		
Current Assets		
Cash	\$	\$
Accounts Receivable, Less Allowance for Uncollectible Accounts	15,493,550	16,720,462
Inventories	17,686,322	19,029,593
Prepaid Expenses	811,677	572,140
Income Taxes Receivable	46,024	170,292
Deferred Income Taxes	855,000	805,000
Total Current Assets	34,892,573	37,297,487
Property and Equipment, Net	9,143,005	9,083,874
Finite Life Intangible Assets, Net of Accumulated Amortization	46,301	61,547
Other Assets	339,235	339,235
Total Assets	\$ 44,421,114	\$ 46,782,143
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Line of Credit	\$ 7,875,648	\$ 9,345,044
Current Maturities of Long-Term Debt	438,349	1,310,210
Accounts Payable	8,427,581	11,333,013
Accrued Payroll and Commissions	2,596,216	2,170,852
Other Accrued Liabilities	979,406	852,936
Total Current Liabilities	20,317,200	25,012,055
Long-Term Liabilities		
Long-Term Debt, Net of Current Maturities	2,860,242	812,917
Deferred Income Taxes	241,000	271,000
Other Long-Term Liabilities	142,983	180,378
Total Long-Term Liabilities	3,244,225	1,264,295
Total Liabilities	23,561,425	26,276,350
Shareholders' Equity		
Preferred Stock, \$1 par value; 1,000,000 Shares Authorized; 250,000 Shares Issued and Outstanding	250,000	250,000
	27,430	27,430

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Common Stock - \$0.01 par value; 9,000,000 Shares Authorized: 2,742,992 Shares Issued and Outstanding				
Additional Paid-In Capital		15,725,392		15,725,392
Accumulated Other Comprehensive Loss		(62,936)		(62,936)
Retained Earnings		4,919,803		4,565,907
Total Shareholders' Equity		20,859,689		20,505,793
Total Liabilities and Shareholders' Equity	\$	44,421,114	\$	46,782,143

See Accompanying Condensed Notes to Consolidated Financial Statements

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NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30	
	2012	2011
Net Sales	\$ 25,520,963	\$ 28,318,158
Cost of Goods Sold	22,736,923	25,029,395
Gross Profit	2,784,040	3,288,763
Operating Expenses:		
Selling Expenses	992,295	900,849
General and Administrative Expenses	1,463,074	1,967,776
Total Operating Expenses	2,455,369	2,868,625
Income From Operations	328,671	420,138
Other Expense		
Interest Expense	(111,999)	(130,152)
Miscellaneous Expense, net	(54,507)	(9,121)
Total Other Expense	(166,506)	(139,273)
Income Before Income Taxes		