

Wi-Tron, Inc.
Form 10QSB
June 20, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007.

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF
1934.

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 0-21931

WI-TRON, INC.

(Exact name of small business issuer as specified in its charter)

<u>DELAWARE</u>	<u>22-3440510</u>
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

59 LaGrange Street
Raritan, New Jersey 08869
(Address of principal executive offices)

(908) 253-6870
(Issuer's telephone number)

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 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 shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes No

The number of shares outstanding of the Issuer's Common Stock, \$.0001 Par Value, as of June 19, 2007 was 50,528,293.

Transitional Small Business Format (check one); Yes No

WI-TRON, INC.
FORM 10-QSB
THREE MONTHS ENDED MARCH 31, 2007

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

Item 1	<u>Financial Statements (Unaudited):</u>	
	Balance Sheets	1-2
	Statements of Operations	3
	Statements of Cash Flows	4
	Statement of Changes in Stockholders' Deficiency.	5
	Notes to Financial Statements	6-10
Item 2	Management's Discussion and Analysis of Financial Condition and Results of Operations	11-14
Item 3.	Controls and Procedures	14

PART II - OTHER INFORMATION

Item 1. Legal Proceedings	15
Item 2. Change in Securities	15
Signatures	16
Exhibit 31.1	17
Exhibit 31.2	18
Exhibit 32.1	19
Exhibit 32.2	20

The following unaudited condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the company believes that the disclosures made are adequate to make the information not misleading.

It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the company's latest shareholders' annual report (Form 10-KSB).

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

**WI-TRON, INC.
BALANCE SHEETS**

ASSETS (Pledged)	March 31 2007	December 31 2006
CURRENT ASSETS		
Accounts receivable, net of allowance for doubtful accounts of \$10,000 and \$702 in 2007 and 2006, respectively	\$ 7,032	\$ 25,077
Inventories	97,592	94,587
Prepaid expenses and other	-	-
Total current assets	104,624	119,664
PROPERTY AND EQUIPMENT - AT COST		
Machinery and equipment	587,276	587,276
Furniture and fixtures	43,750	43,750
Leasehold improvements	8,141	8,141
	639,167	639,167
Less accumulated depreciation and amortization	(626,719)	(625,635)
	12,448	13,532
SECURITY DEPOSITS AND OTHER NON-CURRENT ASSETS	5,500	5,500
	\$ 122,572	\$ 138,696

Note: The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

The accompanying notes are an integral part of these financial statements

WI-TRON, INC.
BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' DEFICIENCY	March 31 2007	December 31, 2006
CURRENT LIABILITIES		
Overdraft	\$ 57,944	\$ 36,140
Secured note payable in connection with Phoenix investor rescinded agreement - payment in default	10,000	10,000
Accounts payable, including \$126,093 and \$69,636 due to Tek, Ltd. at March 31, 2007 and December 31, 2006 respectively	322,369	211,700
Notes payable issued in connection with private placement of common stock, including accrued interest of \$11,515 (2006) and \$7,015 (2005) - payment in default	329,516	325,016
Accrued expenses and other current liabilities (including delinquent federal and state payroll taxes, penalties and interest aggregating \$96,051 at March 31, 2007 and \$1,822 at December 31, 2006)	241,982	197,397
Loans payable to Tek, Ltd.	213,005	44,500
Loans payable - officers	150,100	150,100
Total current liabilities representing total liabilities	1,324,916	974,853
STOCKHOLDERS' (DEFICIENCY)		
Convertible Preferred stock, Series C authorized 5,000,000 shares of \$.0001 par value; NIL and 131,000 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively, with a liquidation preference of \$2 per share	-	13
Common stock - authorized, 100,000,000 shares of \$.0001 par value; shares 50,028,293 and 36,928,293 shares issued and outstanding at March 31, 2007 and December 31, 2006, respectively	5,003	3,694
Additional paid-in capital	26,000,287	25,999,095

Edgar Filing: Wi-Tron, Inc. - Form 10QSB

Accumulated deficit	(27,207,634)	(26,838,959)
	(1,202,344)	(836,157)
	\$ 122,572	\$ 138,696

Note: The balance sheet at December 31, 2006 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements.

The accompanying notes are an integral part of these financial statements

WI-TRON, INC.
STATEMENTS OF OPERATIONS
Three Months Ended March 31

	Three Months Ended March 31	
	2007	2006
Net sales	\$14,026	\$40,156
Cost of goods sold (net of inventory write-down of \$233,995 in 2002)	43,836	65,522
Gross (loss)	(29,810)	(25,366)
Operating expenses		
Selling, general and administrative	149,867	190,444
Research, engineering and development	173,340	88,811
Operating loss	(353,017)	(304,621)
Nonoperating income (expenses)		
Other income	-	3,292
Interest expense	(4,500)	(4,500)
Federal tax penalties and interest	(10,637)	(12,827)
Loss before income taxes.	(368,154)	(318,656)
Provision for income taxes	520	500
NET LOSS	\$ (368,674)	\$ (319,156)
Net loss per share - basic and diluted	\$ (0.01)	\$ (0.01)
Weighted average number of shares outstanding	48,427,182	25,071,878

The accompanying notes are an integral part of these financial statements

WI-TRON, INC.
STATEMENTS OF CASH FLOWS
Three Months Ended March 31

	Three Months Ended March 31	
	2007	2006
Cash flows from operating activities:		
Net Loss	\$ (368,674)	\$ (319,156)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization	1,083	1,082
Amortization of share based compensation	2,488	2,489
(Decrease) increase in allowance for doubtful accounts	(10,000)	298
Interest accrued on notes payable issued in connection with private placement of common stock	4,500	4,500
Changes in assets and liabilities		
Accounts receivable	28,045	8,344
Inventories	(3,005)	4,043
Prepaid expenses and other assets	-	1,208
Accounts payable and accrued expenses	155,254	(74,500)
Total adjustments	178,365	(52,536)
Net cash (used) for operating activities	(190,309)	(371,692)
Cash flows from financing activities:		
Overdraft	21,804	-
Advances from Tek, Ltd.	168,505	-
Officer loans	-	(14,300)
Proceeds from sale of common stock	-	383,000
Net cash provided by financing activities	190,309	368,700
DECREASE IN CASH	-	(2,992)
Cash at beginning of period	-	34,998
Cash at end of period	\$ -	\$ 32,006
Supplemental disclosures of cash flow information:		
Cash paid for: Interest	\$ -	\$ -
Income taxes	\$ 520	\$ 500

The accompanying notes are an integral part of these financial statements

WI-TRON, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' DEFICIENCY
Three Months Ended March 31, 2007

	Series C Convertible Preferred Stock		Common Stock		Additional Paid-In	Accumulated	
	Shares	Par Value	Shares	Par Value	Capital	Deficit	Total
BALANCE AT DECEMBER 31, 2006	131,000	\$ 13	36,928,293	\$ 3,694	\$ 25,999,095	\$ (26,838,959)	(836,157)
Net loss for the quarter ended March 31, 2007						(368,675)	(368,675)
Conversion of preferred stock into common stock	(131,000)	(13)	13,100,000	1,309	(1,296)		
Amortization of share based compensation					2,488		2,488
BALANCE AT MARCH 31, 2007	-	-	50,028,293	5,003	26,000,287	(27,207,634)	(1,202,344)

The accompanying notes are an integral part of these financial statements

WI-TRON, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE A - ADJUSTMENTS

In the opinion of management, all adjustments, consisting only of normal recurring adjustments necessary for a fair statement of (a) results of operations for the three month periods ended March 31, 2007 and 2006 (b) the financial position at March 31, 2007 (c) the statements of cash flows for the three month period ended March 31, 2007 and 2006 , and (d) the changes in stockholders' deficiency for the three month period ended March 31, 2007 have been made. The results of operations for the three months ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year.

NOTE B - UNAUDITED INTERIM FINANCIAL INFORMATION

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for financial statements. For further information, refer to the audited financial statements and notes thereto for the year ended December 31, 2006 included in the Company's Form 10-KSB filed with the Securities and Exchange Commission on May 18, 2007.

The Company's financial statements have been presented on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The liquidity of the Company has been adversely affected in recent years by significant losses from operations. As further discussed in Note F, the Company incurred losses of \$368,674 for the three months ended March 31, 2007, has no cash and its working capital declined by \$(365,103) to a deficiency of \$(1,220,292) since the beginning of the fiscal year. Current liabilities still exceed cash and receivables by \$1,317,884 indicating that the Company will have substantial difficulty meeting its financial obligations for the balance of this fiscal year. These factors raise substantial doubt as to the Company's ability to continue as a going concern. Recently, operations have been funded by loans from the Chief Executive Officer.

As further discussed in Note F, management is seeking additional financing and intends to aggressively market its products, control operating costs and broaden its product base through enhancements of products. The Company believes that these measures may provide sufficient liquidity for it to continue as a going concern in its present form. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amount and classification of liabilities or any other adjustments that might be necessary should the Company be unable to continue as a going concern in its present form.

WI-TRON, INC.
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2007

NOTE C - STOCKHOLDERS' EQUITY

1.