

WIRELESS TELECOM GROUP INC
Form 10-Q
August 13, 2012

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 June 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 _____
Commission file number
1-11916

WIRELESS TELECOM GROUP, INC.

(Exact name of registrant as specified in its charter)

New Jersey
(State or Other Jurisdiction
of Incorporation or Organization)
25 Eastmans Road
Parsippany, New Jersey
(Address of Principal Executive Offices)

22-2582295
(I.R.S. Employer
Identification No.)

07054
(Zip Code)

(973) 386-9696
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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 x No o

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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 ☐

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 Common Stock outstanding as of August 6, 2012: 24,245,593

WIRELESS TELECOM GROUP, INC.

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PART 1 FINANCIAL INFORMATION

Item 1 Financial Statements

WIRELESS TELECOM GROUP, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2012	December 31, 2011
	(unaudited)	
- ASSETS -		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,411,224	\$ 12,089,782
Accounts receivable - net of allowance for doubtful accounts of \$57,391 and \$122,535 for 2012 and 2011, respectively	4,520,713	4,670,630
Inventories	8,618,084	7,577,051
Deferred income taxes - current	1,897,509	1,761,429
Prepaid expenses and other current assets	327,030	319,690
TOTAL CURRENT ASSETS	27,774,560	26,418,582
PROPERTY, PLANT AND EQUIPMENT - NET	4,398,057	4,349,150
OTHER ASSETS:		
Goodwill	1,351,392	1,351,392
Deferred income taxes - non-current	4,868,491	4,684,571
Other assets	919,321	898,265
TOTAL OTHER ASSETS	7,139,204	6,934,228
TOTAL ASSETS	\$ 39,311,821	\$ 37,701,960
- LIABILITIES AND SHAREHOLDERS EQUITY -		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,207,195	\$ 841,582
Accrued expenses and other current liabilities	1,131,655	944,484
Current portion of mortgage payable	76,527	73,697
TOTAL CURRENT LIABILITIES	2,415,377	1,859,763
LONG TERM LIABILITIES:		
Mortgage payable	2,590,230	2,629,215
COMMITMENTS AND CONTINGENCIES SHAREHOLDERS EQUITY:		
Preferred stock, \$.01 par value, 2,000,000 shares authorized, none issued		
Common stock, \$.01 par value, 75,000,000 shares authorized, 29,012,557 and 28,883,861 shares issued, respectively, 24,331,682 and 24,494,906 shares outstanding, respectively	290,126	288,839
Additional paid-in-capital	38,045,122	37,918,844
Retained earnings	4,998,332	3,687,019
Treasury stock at cost, 4,680,875 and 4,388,955 shares, respectively	(9,027,366)	(8,681,720)
TOTAL SHAREHOLDERS EQUITY	34,306,214	33,212,982
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 39,311,821	\$ 37,701,960

See accompanying notes

WIRELESS TELECOM GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
NET SALES	\$ 7,092,046	\$ 6,472,756	\$ 13,993,865	\$ 12,549,711
COST OF SALES	3,502,208	3,554,978	7,048,962	6,982,073
GROSS PROFIT	3,589,838	2,917,778	6,944,903	5,567,638
OPERATING EXPENSES				
Research and development	619,803	572,334	1,219,269	1,097,118
Sales and marketing	1,159,798	1,219,850	2,232,414	2,413,657
General and administrative	1,201,027	913,554	2,332,795	1,547,191
TOTAL OPERATING EXPENSES	2,980,628	2,705,738	5,784,478	5,057,966
OPERATING INCOME	609,210	212,040	1,160,425	509,672
OTHER (INCOME) EXPENSE				
Interest expense - net	50,506	51,680	101,447	100,661
Other (income) - net	(72,204)	(174,573)	(132,042)	(230,123)
TOTAL OTHER (INCOME) EXPENSE	(21,698)	(122,893)	(30,595)	(129,462)
INCOME BEFORE INCOME TAXES	630,908	334,933	1,191,020	639,134
(BENEFIT) FROM INCOME TAXES	(24,541)	(166,229)	(120,293)	(247,580)
NET INCOME	\$ 655,449	\$ 501,162	\$ 1,311,313	\$ 886,714
INCOME PER COMMON SHARE:				
BASIC	\$ 0.03	\$ 0.02	\$ 0.05	\$ 0.04
DILUTED	\$ 0.03	\$ 0.02	\$ 0.05	\$ 0.04

See accompanying notes

WIRELESS TELECOM GROUP, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the Six Months Ended June 30,	
	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 1,311,313	\$ 886,714
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation and amortization	169,501	249,755
Stock compensation expense	127,565	56,304
Deferred income taxes	(320,000)	(358,610)
Allowance for doubtful accounts receivable	(65,144)	18,538
Changes in assets and liabilities:		
Accounts receivable	215,061	45,072
Inventories	(1,041,033)	(541,238)
Prepaid expenses and other assets	(28,396)	67,277
Accounts payable, accrued expenses and other current liabilities	552,784	(936,241)
Net cash provided by (used for) operating activities	921,651	(512,429)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(218,408)	(213,925)
Net cash (used for) investing activities	(218,408)	(213,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of mortgage note	(36,155)	(33,529)
Repurchase of treasury stock - 291,920 and 701,417 shares, respectively	(345,646)	(464,563)
Net cash (used for) financing activities	(381,801)	(498,092)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	321,442	(1,224,446)
Cash and cash equivalents, at beginning of period	12,089,782	13,643,220
CASH AND CASH EQUIVALENTS, AT END OF PERIOD	\$ 12,411,224	\$ 12,418,774
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for:		
Taxes	\$ 120,146	\$ 103,470