

WINLAND ELECTRONICS INC
Form 10QSB
November 06, 2001

FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended: September 30, 2001

Commission File Number: 0-18393

WINLAND ELECTRONICS, INC.

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

Minnesota
(state or other juris-
diction of incorporation)

41-0992135
(I.R.S. Employer
Identification No.)

1950 Excel Drive, Mankato, Minnesota 56001

(Address of principal executive offices)(zip code)

Registrant's telephone number, including area code:

(507) 625-7231

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.

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Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of October 31, 2001, the issuer had 2,955,872 shares of Common Stock, \$.01 par value, outstanding.

Transitional Small Business Disclosure Format (check one):

Yes

No

PART I-FINANCIAL INFORMATION

ITEM 1: FINANCIAL STATEMENTS

WINLAND ELECTRONICS, INC.

BALANCE SHEETS

ASSETS	September 30, 2001 (UNAUDITED)	December 31, 2000
Current Assets		
Cash	\$ 147,967	\$ 38,961
Accounts and notes receivable, net	2,142,184	3,435,030
Income tax receivable	249,175	127,252
Inventories	2,880,957	5,270,029
Prepaid expenses	117,342	56,599
Deferred taxes	244,100	244,100
Total current assets	5,781,725	9,171,971
Other Assets		
Patent and trademarks, net of amortization	1,395	2,498
Property and Equipment, at cost:		
Land and land improvements	272,901	272,901
Building	2,983,586	2,983,586
Machinery and equipment	3,696,022	3,778,392
Data processing equipment	1,302,080	1,277,413
Office furniture and equipment	333,807	351,960
Total property and equipment	8,588,396	8,664,252

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Less accumulated depreciation		(3,633,555)		(3,131,612)
Net property and equipment		4,954,841		5,532,640
Total assets	\$	10,737,961	\$	14,707,109

See Notes to the Interim Financial Statements

WINLAND ELECTRONICS, INC.

BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2001 (UNAUDITED)	December 31, 2000
Current Liabilities		
Note payable to bank	\$ 2,619,501	\$ 3,924,501
Current maturities of long-term debt	519,336	713,845
Accounts payable	770,278	2,107,319
Accrued expenses:		
Compensation	265,003	225,767
Other	99,658	125,719
Total current liabilities	4,273,776	7,097,151
Deferred Revenue	189,133	195,238
Long-Term Debt, less current maturities	2,552,368	2,924,885
Deferred Taxes	189,300	189,300
Total long-term liabilities	2,930,801	3,309,423
Total liabilities	7,204,577	10,406,574
Stockholders' Equity		
Common stock	29,559	29,523
Additional paid-in capital	2,246,169	2,242,423
Retained earnings	1,257,656	2,028,589
Total stockholders' equity	3,533,384	4,300,535
Total liabilities and stockholders' equity	\$ 10,737,961	\$ 14,707,109

See Notes to the Interim Financial Statements

WINLAND ELECTRONICS, INC.

STATEMENTS OF INCOME

For the Three Months Ended September 30, 2001 and 2000

(UNAUDITED)

	2001	2000
Net sales	\$ 3,195,580	\$ 4,658,615
Cost of sales	2,678,026	4,155,017
Gross profit	517,554	503,598
Operating expenses:		
General and administrative	453,837	271,878
Research and development	213,051	291,430
Marketing	189,363	143,348
	856,251	706,656
Operating loss	(338,697)	(203,058)
Other income (expenses):		
Interest expense	(109,520)	(122,225)
Other income, net	14,056	16,515
	(95,464)	(105,710)
Loss before income taxes	(434,161)	(308,768)
Income tax benefit	46,738	95,584
Net loss	\$ (387,423)	\$ (213,184)
Earnings (loss) per share data:		
Basic	\$ (0.13)	\$ (0.07)
Diluted	(0.13)	(0.07)
Weighted-average number of common shares outstanding:		

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Basic	2,955,872	2,946,464
Diluted	2,955,872	2,946,464

See Notes to the Interim Financial Statements

WINLAND ELECTRONICS, INC.

STATEMENTS OF INCOME

For the Nine Months Ended September 30, 2001 and 2000

(UNAUDITED)

	2001		2000
Net sales	\$ 11,551,162	\$	13,981,273
Cost of sales	9,691,157		11,634,412
Gross profit	1,860,005		2,346,861
Operating expenses:			
General and administrative	1,301,829		1,019,387
Research and development	675,328		792,303
Marketing	540,911		448,538
	2,518,068		2,260,228
Operating income (loss)	(658,063)		86,633
Other income (expenses):			
Interest expense	(391,920)		(334,270)
Other income, net	26,312		75,202
	(365,608)		(259,068)
Loss before income taxes	(1,023,671)		(172,435)
Income tax benefit	252,738		41,400
Net loss	\$ (770,933)	\$	(131,035)
Earnings (loss) per share data:			
Basic	\$ (0.26)	\$	(0.04)
Diluted	(0.26)		(0.04)
Weighted-average number of common shares outstanding:			
Basic	2,953,525		2,932,511
Diluted	2,953,525		2,932,511

See Notes to the Interim Financial Statements

WINLAND ELECTRONICS, INC.

STATEMENTS OF CASH FLOWS

For the Nine Months Ended September 30, 2001 and 2000

(UNAUDITED)

	2001	2000
Cash Flows From Operating Activities		
Net loss	\$ (770,933)	\$ (131,035)
Adjust		