

NORTECH SYSTEMS INC
Form 10-Q
May 14, 2010
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2010

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

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 April 30, 2010 - 2,742,992

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PART 1

ITEM 1. FINANCIAL STATEMENTS

NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

| | MARCH 31 2010 (Unaudited) | DECEMBER 31 2009 |
|--|---------------------------------|---------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | \$ | \$ 245,381 |
| Accounts Receivable, Less Allowance for Uncollectible Accounts | 11,930,482 | 12,021,378 |
| Inventories | 17,536,271 | 15,806,669 |
| Prepaid Expenses | 531,385 | 542,643 |
| Income Taxes Receivable | 2,430,734 | 2,515,906 |
| Deferred Income Taxes | 772,000 | 753,000 |
| Total Current Assets | 33,200,872 | 31,884,977 |
| Property and Equipment, Net | 7,994,959 | 8,239,161 |
| Finite Life Intangible Assets, Net of Accumulated Amortization | 307,603 | 343,549 |
| Deferred Income Taxes | 312,000 | 348,000 |
| Other Assets | 313,518 | 313,518 |
| Total Assets | \$ 42,128,952 | \$ 41,129,205 |

See Accompanying Condensed Notes to Consolidated Financial Statements

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NORTECH SYSTEMS INCORPORATED AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

| | MARCH 31 2010 (Unaudited) | DECEMBER 31 2009 |
|---|---------------------------------|---------------------|
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current Liabilities | | |
| Line of Credit | \$ 5,015,607 | \$ 5,490,607 |
| Current Maturities of Long-Term Debt | 937,884 | 1,013,920 |
| Accounts Payable | 10,583,567 | 9,050,684 |
| Accrued Payroll and Commissions | 1,887,788 | 1,449,528 |
| Accrued Health and Dental Claims | 325,000 | 310,000 |
| Other Accrued Liabilities | 956,518 | 1,354,438 |
| Total Current Liabilities | 19,706,364 | 18,669,177 |
| Long-Term Liabilities | | |
| Long-Term Debt, Net of Current Maturities | 3,422,964 | 3,572,264 |
| Other Long-Term Liabilities | 157,264 | 160,912 |
| Total Long-Term Liabilities | 3,580,228 | 3,733,176 |
| Total Liabilities | 23,286,592 | 22,402,353 |
| Shareholders Equity | | |
| Preferred Stock, \$1 par value; 1,000,000 Shares Authorized: 250,000 Shares Issued and Outstanding | 250,000 | 250,000 |
| Common Stock - \$0.01 par value; 9,000,000 Shares Authorized: 2,742,992 and 2,738,992 Shares Issued and Outstanding at March 31, 2010 and December 31, 2009, respectively | 27,430 | 27,390 |
| Additional Paid-In Capital | 15,674,552 | 15,654,160 |
| Accumulated Other Comprehensive Loss | (74,117) | (73,909) |
| Retained Earnings | 2,964,495 | 2,869,211 |
| Total Shareholders Equity | 18,842,360 | 18,726,852 |
| Total Liabilities and Shareholders Equity | \$ 42,128,952 | \$ 41,129,205 |

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 | |
|-----------|---------------------------|-------------|
| | MARCH 31 | |
| | 2010 | 2009 |
| Net Sales | \$ 21,741,441 | |