

ELECTRO SENSORS INC
Form 10QSB
November 14, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-QSB

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

For the quarterly period ended September 30, 2007

**o TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE
EXCHANGE ACT**

For the transition period from _____ to _____

Commission File Number 0-9587

ELECTRO-SENSORS, INC.

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

Minnesota

(State or other jurisdiction of incorporation or organization)

41-0943459

(IRS Employer Identification No.)

6111 Blue Circle Drive

Minnetonka, Minnesota 55343-9108

(Address of principal executive offices)

(952) 930-0100

(Issuer's telephone number)

Check whether the issuer (1) filed all reports required to be filed by Section 13 of 15(d) of the Securities Exchange Act 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 registrant's common stock, \$0.10 par value, on November 2, 2007 was 3,362,013

Transitional Small Business Disclosure Format (check one): Yes No

ELECTRO-SENSORS, INC.

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For the Period Ended September 30, 2007

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ELECTRO-SENSORS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEET

(unaudited)

	September 30, 2007
ASSETS	
Current assets	
Cash and cash equivalents	\$ 5,562,000
Available for sale securities	4,756,000
Trade receivables, less allowance for doubtful accounts of \$16,000	918,000
Inventories	1,028,000
Other current assets	138,000
Total current assets	12,402,000
Property and equipment, net	1,303,000
Total assets	\$ 13,705,000
LIABILITIES AND STOCKHOLDERS EQUITY	
Current liabilities	
Accounts payable	\$ 137,000
Accrued expenses	261,000
Deferred revenue	77,000
Accrued income tax	499,000
Deferred income tax	1,737,000
Total current liabilities	2,711,000
Commitments and contingencies	
Stockholders equity	
Common stock par value \$0.10 per share; authorized 10,000,000 shares; issued and outstanding: 3,361,392 shares	336,000
Additional paid-in capital	1,499,000
Retained earnings	6,296,000
Accumulated other comprehensive income (unrealized gain on available for sale securities, net of income tax)	2,863,000
Total stockholders equity	10,994,000
Total liabilities and stockholders equity	\$ 13,705,000

See accompanying notes to unaudited condensed consolidated financial statements

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ELECTRO-SENSORS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

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	Three months Ended		Nine months Ended	
	September 30, 2007	2006	September 30, 2007	2006
Net Sales	\$2,041,000	\$1,544,000	\$5,209,000	\$4,329,000
Cost of Goods Sold	680,000	545,000	1,831,000	1,565,000
Gross Profit	1,361,000	999,000	3,378,000	2,764,000
Operating Expenses:				
Selling and Marketing	366,000	322,000	1,034,000	963,000
General and Administrative	303,000	256,000	878,000	931,000
Research and Development	131,000	126,000	421,000	398,000
Total Operating Expenses	800,000	704,000	2,333,000	2,292,000
Operating Income	561,000	295,000	1,045,000	472,000
Non-operating Income (Expense):				
Gain on Sale of Investment Securities	0	0	0	1,276,000
Interest Income	64,000	57,000	188,000	230,000
Other Income/(Expense)	3,000			