

WIRELESS TELECOM GROUP INC  
Form 10-Q  
August 13, 2009

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**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 **June 30, 2009**

**OR**

**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

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**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)

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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 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):

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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 12, 2009: 25,658,203

Number of non-affiliated shares of Common Stock outstanding as of August 12, 2009: 19,167,537

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## WIRELESS TELECOM GROUP, INC.

## Table of Contents

	<b>Page(s)</b>
<b><u>PART I. FINANCIAL INFORMATION</u></b>	
<b><u>Item 1 Consolidated Financial Statements:</u></b>	
<u>Condensed Balance Sheets as of June 30, 2009 (unaudited) and December 31, 2008</u>	3
<u>Condensed Statements of Operations for the Three and Six Months Ended June 30, 2009 (unaudited) and 2008 (unaudited)</u>	4
<u>Condensed Statements of Cash Flows for the Six Months Ended June 30, 2009 (unaudited) and 2008 (unaudited)</u>	5
<u>Notes to Interim Condensed Financial Statements (unaudited)</u>	6 - 11
<b><u>Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	12 - 16
<b><u>Item 3 Quantitative and Qualitative Disclosures About Market Risk</u></b>	16
<b><u>Item 4 Controls and Procedures</u></b>	16
<b><u>PART II. OTHER INFORMATION</u></b>	
<b><u>Item 1 Legal Proceedings</u></b>	17
<b><u>Item 1A Risk Factors</u></b>	17
<b><u>Item 2 Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	17
<b><u>Item 3 Defaults upon Senior Securities</u></b>	17
<b><u>Item 4 Submission of Matters to a Vote of Security Holders</u></b>	17
<b><u>Item 5 Other Information</u></b>	17
<b><u>Item 6 Exhibits</u></b>	17
<b><u>Signatures</u></b>	18
<b><u>Exhibit Index</u></b>	19

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## PART 1 FINANCIAL INFORMATION

## Item 1 Financial Statements

WIRELESS TELECOM GROUP, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2009	December 31, 2008
	(unaudited)	
<b>- ASSETS -</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 7,066,929	\$ 6,627,397
Investment in short-term U.S. Treasury securities, at cost	2,036,123	5,016,092
Accounts receivable - net of allowance for doubtful accounts of \$259,932 and \$156,913 for 2009 and 2008, respectively	9,400,536	7,278,561
Income taxes recoverable	1,861,000	1,551,000
Inventories	9,214,822	10,028,314
Deferred income taxes-current	361,064	198,216
Prepaid expenses and other current assets	1,367,044	1,147,999
<b>TOTAL CURRENT ASSETS</b>	<b>31,307,518</b>	<b>31,847,579</b>
<b>PROPERTY, PLANT AND EQUIPMENT - NET</b>	<b>5,460,189</b>	<b>5,835,178</b>
<b>OTHER ASSETS:</b>		
Goodwill	1,351,392	1,351,392
Deferred income taxes - non-current	380,559	527,599
Cash surrender value of foreign pension insurance and other assets	3,946,393	3,970,861
<b>TOTAL OTHER ASSETS</b>	<b>5,678,344</b>	<b>5,849,852</b>
<b>TOTAL ASSETS</b>	<b>\$ 42,446,051</b>	<b>\$ 43,532,609</b>
<b>- LIABILITIES AND SHAREHOLDERS EQUITY -</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 3,092,004	\$ 3,893,436
Accrued expenses and other current liabilities	2,829,455	2,732,454
Current portion of note payable - bank	367,776	369,059
Current portion of mortgage payable	61,042	58,784
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,350,277</b>	<b>7,053,733</b>
<b>LONG TERM LIABILITIES:</b>		
Notes payable - bank	1,471,107	1,660,768
Mortgage payable	2,803,549	2,834,645
Deferred rent payable	103,176	101,666
Provision for pension liability and other long term liabilities	1,200,164	1,204,350
<b>TOTAL LONG TERM LIABILITIES</b>	<b>5,577,996</b>	<b>5,801,429</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>SHAREHOLDERS EQUITY:</b>		
Preferred stock, \$.01 par value, 2,000,000 shares authorized, none issued	287,539	287,539

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Common stock, \$.01 par value, 75,000,000 shares authorized, 28,753,861 shares issued,  
25,658,203 shares outstanding

Additional paid-in-capital	<b>37,437,934</b>	37,259,386
Retained (deficit)	<b>(410,450)</b>	(47,072)
Accumulated other comprehensive income	<b>749,569</b>	724,408
Treasury stock at cost, 3,095,658 shares	<b>(7,546,814)</b>	(7,546,814)
<b>TOTAL SHAREHOLDERS EQUITY</b>	<b>30,517,778</b>	30,677,447
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>\$ 42,446,051</b>	\$ 43,532,609

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,	
	2009	2008	2009	2008
<b>NET SALES</b>	<b>\$ 11,502,889</b>	<b>\$ 13,007,863</b>	<b>\$ 22,864,632</b>	<b>\$ 25,996,427</b>
<b>COST OF SALES</b>	<b>5,967,030</b>	<b>6,793,331</b>	<b>11,677,687</b>	<b>13,616,173</b>
<b>GROSS PROFIT</b>	<b>5,535,859</b>	<b>6,214,532</b>	<b>11,186,945</b>	<b>12,380,254</b>
<b>OPERATING EXPENSES</b>				
Research and development	1,666,806	2,047,877	3,557,668	3,920,081
Sales and marketing	2,581,880	2,949,838	5,007,815	5,783,728
General and administrative	1,761,001	2,284,130	3,446,360	4,301,161
<b>TOTAL OPERATING EXPENSES</b>	<b>6,009,687</b>	<b>7,281,845</b>	<b>12,011,843</b>	<b>14,004,970</b>
<b>OPERATING (LOSS)</b>	<b>(473,828)</b>	<b>(1,067,313)</b>	<b>(824,898)</b>	<b>(1,624,716)</b>
<b>OTHER (INCOME) EXPENSE</b>				
Interest (income)	(6,080)	(83,808)	(32,004)	(191,212)
Interest expense	54,329	55,385	108,929	111,022
Other (income) - net	(55,058)	(291,923)	(139,738)	(463,161)
<b>TOTAL OTHER (INCOME) EXPENSE</b>	<b>(6,809)</b>	<b>(320,346)</b>	<b>(62,813)</b>	<b>(543,351)</b>
<b>(LOSS) BEFORE INCOME TAXES</b>	<b>(467,019)</b>	<b>(746,967)</b>	<b>(762,085)</b>	<b>(1,081,365)</b>
<b>PROVISION (BENEFIT) FOR INCOME TAXES</b>	<b>(390,112)</b>	<b>242,849</b>	<b>(398,707)</b>	<b>437,428</b>
<b>NET (LOSS)</b>	<b>\$ (76,907)</b>	<b>\$ (989,816)</b>	<b>\$ (363,378)</b>	<b>\$ (1,518,793)</b>
<b>NET (LOSS) PER COMMON SHARE:</b>				
<b>BASIC</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>
<b>DILUTED</b>	<b>\$ (0.00)</b>	<b>\$ (0.04)</b>	<b>\$ (0.01)</b>	<b>\$ (0.06)</b>

See accompanying notes

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

	For the Six Months Ended June 30,	
	2009	2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)	\$ (363,378)	\$ (1,518,793)
Adjustments to reconcile net (loss) to net cash (used for) provided by operating activities:		
Depreciation and amortization	452,288	960,532
Stock compensation expense	178,548	237,038
Deferred rent	1,510	(1,988)
Deferred income taxes	(15,808)	47,890
Provision for (recovery from) losses on accounts receivable	99,875	(19,525)
Changes in assets and liabilities:		
Accounts receivable	(1,908,176)	1,582,019
Inventory	763,824	2,367,791
Prepaid expenses and other assets	(410,168)	(372,460)
Accounts payable, accrued expenses and other current liabilities	(1,022,437)	(1,827,740)
Pension liability and other long-term liabilities		2,007
	(2,223,922)	1,456,771
<b>Net cash (used for) provided by operating activities</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(55,538)	(279,011)
Proceeds from dispositions of property, plant and equipment		19,450
Proceeds from sale of short term securities - net	2,979,969	
	2,924,431	
<b>Net cash provided by (used for) investing activities</b>		