

ELECTRO SENSORS INC  
Form 10QSB  
November 14, 2006  
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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

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## **Form 10-QSB**

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

**For the quarterly period ended September 30, 2006**

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

**For the transition period from \_\_\_\_\_ To \_\_\_\_\_**

**Commission File Number 0-9587**

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# **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**

For the transition period from \_\_\_\_\_ To \_\_\_\_\_

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(Issuer's telephone number)

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Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 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 14, 2006 was 3,345,639.

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

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**ELECTRO-SENSORS, INC.**

**Form 10-QSB**

**For the Period Ended September 30, 2006**

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For the transition period from \_\_\_\_\_ To \_\_\_\_\_

## Edgar Filing: ELECTRO SENSORS INC - Form 10QSB

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Condensed Consolidated Statements of Operations

For the Three and Nine months ended September 30, 2006 and September 30, 2005

Condensed Consolidated Statements of Cash Flows

For the Nine months ended September 30, 2006 and September 30, 2005

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## **PART I. FINANCIAL INFORMATION**

### **Item 1. Financial Statements**

#### **ELECTRO-SENSORS, INC. AND SUBSIDIARIES**

#### **CONDENSED CONSOLIDATED BALANCE SHEET**

(in thousands except share and per share amounts)

(unaudited)

September 30,  
2006**ASSETS****Current assets**

Cash and cash equivalents	\$ 4,884
Marketable securities	6,810
Trade receivables, less allowance for doubtful accounts of \$12	767
Inventories	908
Other current assets	86

<b>Total current assets</b>	<b>13,455</b>
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<b>Property and equipment, net</b>	<b>1,290</b>
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<b>Total assets</b>	<b>\$ 14,745</b>
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**LIABILITIES AND STOCKHOLDERS' EQUITY****Current liabilities**

Accounts payable	\$ 111
Accrued expenses	195
Deferred revenue	64
Accrued income tax	331
Deferred income tax	2,495

<b>Total current liabilities</b>	<b>3,196</b>
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**Commitments and contingencies****Stockholders' equity**

Common stock par value \$0.10 per share; authorized 10,000,000 shares; issued and outstanding: 3,345,639 shares	335
Additional paid-in capital	1,445
Retained earnings	5,658
Accumulated other comprehensive income	4,111

<b>Total stockholders' equity</b>	<b>11,549</b>
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<b>Total liabilities and stockholders' equity</b>	<b>\$ 14,745</b>
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See accompanying notes to condensed consolidated financial statements

**Table of Contents****ELECTRO-SENSORS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands except share and per share amounts)

(unaudited)

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	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2006	2005	2006	2005
<b>Net sales</b>	<b>\$ 1,544</b>	<b>\$ 1,206</b>	<b>\$ 4,329</b>	<b>\$ 3,557</b>
<b>Cost of goods sold</b>	<b>545</b>	<b>470</b>	<b>1,565</b>	<b>1,368</b>
<b>Gross profit</b>	<b>999</b>	<b>736</b>	<b>2,764</b>	<b>2,189</b>
<b>Operating expenses:</b>				
Selling and marketing	322	318	963	938
General and administrative	256	246	931	833
Research and development	126	205	398	624
<b>Total operating expenses</b>	<b>704</b>	<b>769</b>	<b>2,292</b>	<b>2,395</b>
<b>Operating income/(loss)</b>	<b>295</b>	<b>(33 )</b>	<b>472</b>	<b>(206 )</b>
<b>Non-operating income/(expense):</b>				
Gain on sale of marketable securities	0	543	1,276	807
Interest income	57	52	230	125
Other income	2	3	11	