
PRESS RELEASE



FOR IMMEDIATE RELEASE

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Contact: Sidney Hooper

(703)406-2800

shooper@sutron.com

Sutron Reports First Quarter Operating Results

*May 14, 2009, Sterling, VA...*Sutron Corporation (NASDAQ: STRN), a leading provider of hydrological, meteorological and oceanic monitoring products, systems and services, announced today its financial results for the three months ended March 31, 2009.

Financial Highlights

Net income for the first quarter ended March 31, 2009 was \$106,658 or \$.02 per share compared to net income of \$246,917 or \$.05 per share in the first quarter in 2008. Revenues for the first quarter ended March 31, 2009 were \$3,575,031 compared to \$3,819,048 in the first quarter of 2008. The backlog of customer orders at March 31, 2009 was \$6,397,000 as compared to \$9,540,000 at March 31, 2008.

“We are a project driven business and our quarterly results fluctuate for this reason”, said Raul McQuivey, Sutron’s Chairman and Chief Executive Officer. “We were hopeful of receiving the Tamil Nadu Agricultural University contract early in the first quarter of 2009 so that it could impact our first quarter results. This India contract in the amount of approximately \$3 million, however, was not awarded until April 2009. Our second quarter results will now benefit from this contract. We were pleased that our gross margin was approximately 39% in the first quarter of 2009 or approximately the same as 2008. This was encouraging in spite of a foreign currency loss of approximately \$43,000 in the first quarter of 2009. This loss compares to a foreign currency loss of approximately \$13,000 in 2008. Operating expenses increased approximately \$197,000 over the prior year. The increase was due primarily to increased R&D product development spending, increased agent commissions relating to several international shipments and increased stock option compensation expenses. We were pleased to settle a lawsuit with a former employee in the amount of \$150,000 in the first quarter of 2009.”

“We ended the quarter with cash of approximately \$4.6 million which includes restricted cash of approximately \$930,000. We continue to be optimistic in regards to both our domestic and international business. We are closely following the economic stimulus plan that has been approved by Congress and believe that this will result in major customer orders in 2009 and 2010. We are also aware of many international projects and believe that we will be successful in winning several large projects in 2009.”

About Sutron Corporation

SUTRON

21300 RIDGETOP CIRCLE
(703)406-2800

STERLING, VA 20166
(703)406-2801 FAX

WWW.SUTRON.COM
SALES@SUTRON.COM

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Sutron was founded in 1975 and is headquartered in Sterling, Virginia. Sutron designs, manufactures and sells hydrological, meteorological and oceanic monitoring products, systems, software and services to a diversified customer base of federal, state, local and foreign governments, engineering companies, universities and hydropower companies.

Safe Harbor Statement

The statements in this press release that relate to future plans, events or performance are “forward-looking statements” within the meaning of the Private Securities Litigation Act of 1995. Forward-looking statements include without limitation any statements regarding our expected future financial position, results of operations, cash flows, financing plans, business strategy, products and services, competitive positions, growth opportunities, plans and objectives of management for future operations, as well as statements that include words such as “anticipate,” “if,” “believe,” “plan,” “estimate,” “expect,” “intend,” “may,” “should” and other similar expressions are forward-looking statements. All forward-looking statements involve risks, uncertainties and contingencies which may cause actual results, performance, or achievements to differ materially from anticipated results, performance, or achievements. Factors that may cause actual results to differ materially from those in the forward-looking statements include those set forth in our filings with the SEC, including the disclosure under the heading “Business” and “Management’s Discussion and Analysis” in the Company’s Annual Report on Form 10-K filed on March 31, 2009. We are under no obligation to update or alter our forward-looking statements, whether as a result of new information, future events or otherwise.

SUTRON CORPORATION FINANCIAL SUMMARY

	(Unaudited) For the Three Months Ended March 31,	
HIGHLIGHTS OF OPERATING RESULTS	2009	2008
Revenues	\$ 3,575,031	\$ 3,819,048
Cost of sales	2,188,742	2,324,396
Gross profit	1,386,289	1,494,652
Operating expenses	1,369,124	1,172,056
Operating income	17,165	322,596
Interest and other income	172,493	40,321
Income before income taxes	189,658	362,917
Income tax expense (benefit)	83,000	116,000
Net income	\$ 106,658	\$ 246,917
PER SHARE AMOUNTS:		
Basic income per share	\$.02	\$.05
Diluted income per share	\$.02	\$.05

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Balance Sheets

	(Unaudited) March 31, 2009	(Audited) December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 3,703,079	\$ 3,705,475
Restricted cash and cash equivalents	930,048	784,920
Accounts receivable, net	3,492,664	3,872,527
Inventory	3,826,779	4,053,788
Prepaid items and other assets	197,492	302,633
Income taxes receivable	988,541	983,875
Deferred income taxes	321,000	308,000
Total Current Assets	<u>13,459,603</u>	<u>14,011,218</u>
Property and Equipment, Net	<u>442,118</u>	<u>372,745</u>
Other Assets		
Goodwill	570,150	570,150
Other Assets	159,277	95,057
Total Assets	<u>\$ 14,631,148</u>	<u>\$ 15,049,170</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 735,755	\$ 1,200,721
Accrued payroll	204,039	129,142
Other accrued expenses	656,205	794,307
Notes payable – current	-	2,765
Billings in excess of costs and estimated earnings	111,335	139,117
Total Current Liabilities	<u>1,707,334</u>	<u>2,266,052</u>
Long-Term Liabilities		
Deferred income taxes	59,000	59,000
Total Long-term Liabilities	<u>59,000</u>	<u>59,000</u>
Total Liabilities	<u>1,766,334</u>	<u>2,325,052</u>
Stockholders' Equity		
Common stock	45,707	45,707
Additional paid-in capital	2,827,685	2,778,775
Retained earnings	10,115,763	10,009,105
Accumulated other comprehensive loss	(124,341)	(109,469)
Total Stockholders' Equity	<u>12,864,814</u>	<u>12,724,118</u>
Total Liabilities and Stockholders' Equity	<u>\$ 14,631,148</u>	<u>\$ 15,049,170</u>