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RELM WIRELESS CORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

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

For the quarterly period ended **March 31, 2012**

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 **000-07336**

RELM WIRELESS CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**59-3486297**
State or other jurisdiction of Incorporation or organization	(I.R.S. Employer Identification No.)

7100 Technology Drive
West Melbourne, Florida 32904
(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: **(321) 984-1414**

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 R 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 Regulation 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 R 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 definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer (Do not check if a smaller reporting company)	☑	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 R

There were 13,542,982 shares of common stock, $0.60 par value, of the registrant outstanding at April 27, 2012.

Explanatory Note

RELM Wireless Corporation hereby amends its Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, filed on May 9, 2012, solely for the purpose of including the conformed signatures to the Form 10-Q on page 16, which were inadvertently omitted from the original filing.

Additionally, in connection with the filing of this Amendment No. 1 and pursuant to Securities and Exchange Commission rules, the registrant is including currently dated certifications.

All other sections of the original Form 10-Q remain as they were filed. This Amendment No. 1 has not been updated for events or information subsequent to the date of filing of the original Form 10-Q.

PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RELM WIRELESS CORPORATION
Condensed Consolidated Balance Sheets
(*In thousands, except share data)(Unaudited)*

	March 31 2012	December 31 2011
ASSETS		
Current assets:		
Cash and cash equivalents	**$ 3,471**	$ 2,693
Trade accounts receivable (net of allowance for doubtful accounts of $43 and $44 at March 31, 2012 and December 31, 2011, respectively)	**2,119**	4,155
Inventories, net	**12,533**	12,148
Deferred tax assets	**3,458**	3,458
Prepaid expenses and other current assets	**553**	526
Total current assets	**22,134**	22,980
Property, plant and equipment, net	**1,081**	1,158
Deferred tax assets, net	**4,991**	4,712
Capitalized software, net	**2,557**	2,778
Other assets	**210**	219
Total assets	**$ 30,973**	$ 31,847
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	**$ 1,396**	$ 1,756
Accrued compensation and related taxes	**913**	807
Accrued warranty expense	**255**	247
Accrued other expenses and other current liabilities	**55**	318
Deferred revenue	**384**	385
Total current liabilities	**3,003**	3,513
Deferred revenue	**267**	265
Long-term debt	**—**	—
Total liabilities	**$ 3,270**	$ 3,778
Commitments and contingencies		
Stockholders' equity:		
Preferred stock; $1.00 par value; 1,000,000 authorized sharesnone issued or outstanding.	**—**	—
Common stock; $.60 par value; 20,000,000 authorized shares: 13,542,982 and 13,519,323 issued and outstanding shares at March 31, 2012 and December 31, 2011, respectively	**8,125**	8,111
Additional paid-in capital	**24,591**	24,570
Accumulated deficit	**(5,013)**	(4,612)
Total stockholders' equity	**27,703**	28,069
Total liabilities and stockholders' equity	**$ 30,973**	$ 31,847

See notes to condensed consolidated financial statements.

RELM WIRELESS CORPORATION
Condensed Consolidated Statements of Operations
(*In thousands, except per share data*) (*Unaudited*)

	Three Months Ended	
	March 31, 2012	**March 31, 2011**
Sales, net	**$ 4,369**	$ 6,714
Expenses		
Cost of products	**2,702**	4,113
Selling, general and administrative	**2,340**	3,248
Total expenses	**5,042**	7,361
Operating (loss)	**(673)**	(647)
Other expense:		
Net interest (expense)	**-**	(35)
Other expense	**(5)**	(6)
Total other expense	**(5)**	(41)
(Loss) before income taxes	**(678)**	(688)
Income tax benefit	**277**	-
Net (loss)	**$ (401)**	$ (688)
Net (loss) per share-basic:	**$ (0.03)**	$ (0.05)
Net (loss) per share-diluted:	**$ (0.03)**	$ (0.05)
Weighted average shares outstanding-basic	**13,533,949**	13,508,815
Weighted average shares outstanding-diluted	**13,533,949**	13,508,815

See notes to condensed consolidated financial statements.

RELM WIRELESS CORPORATION
Condensed Consolidated Statements of Cash Flows
(*In thousands*) (*Unaudited*)

	Three months Ended	
	March 31, 2012	**March 31, 2011**
Operating activities		
Net loss	**$ (401)**	$ (688)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Allowance for doubtful accounts	**(1)**	-
Inventories reserve	**52**	35
Deferred tax asset	**(279)**	-
Depreciation and amortization	**317**	351
Shared-based compensation expense	**15**	50
Changes in operating assets and liabilities:		
Accounts receivable	**2,037**	1,242
Inventories	**(437)**	(1,471)
Prepaid expenses and other current assets	**(27)**	61
Other assets	**9**	11
Accounts payable	**(360)**	508
Accrued compensation and related taxes	**106**	141
Accrued warranty expense	**8**	12
Deferred revenue	**1**	128
Accrued other expenses and other current liabilities	**(263)**	(57)
Net cash provided by operating activities	**777**	323
Investing activities		
Purchases of property, plant and equipment	**(19)**	(118)
Net cash used in investing activities	**(19)**	(118)
Financing activities		
Proceeds from issuance of common stock	**20**	-
Increase in revolving line of credit	**-**	1,500
Decrease in revolving line of credit	**-**	(1,200)
Cash provided by financing activities	**20**	300
Net change in cash and cash equivalents	**778**	505
Cash and cash equivalents, beginning of period	**2,693**	5,050
Cash and cash equivalents, end of period	**$ 3,471**	$ 5,555
Supplemental disclosure		
Cash paid for interest	**$ -**	$ 35
Income tax paid	**$ 61**	$ -
Non-cash financing activity		
Cashless exercise of stock options and related conversion of net shares to stockholders' equity	**$ 4**	$ -

See notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements
Unaudited
(in Thousands, Except Share Data and Percentages)

1. Condensed Consolidated Financial Statements

The condensed consolidated balance sheets as of March 31, 2012 and December 31, 2011, the condensed consolidated statements of operations for the three months ended March 31, 2012 and 2011 and the condensed consolidated statements of cash flows for the three months ended March 31, 2012 and 2011 have been prepared by RELM Wireless Corporation (the Company), and are unaudited. In the opinion of management, all adjustments, which include normal recurring adjustments, necessary for a fair presentation have been made. The condensed consolidated balance sheet at December 31, 2011 has been derived from the Company's audited consolidated financial statements at that date.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as filed with the Securities and Exchange Commission. The results of operations for the three months ended March 31, 2012 are not necessarily indicative of the operating results for a full year.

Recent Accounting Pronouncements

There have been no recent accounting pronouncements or changes in accounting pronouncements that impacted the quarterly periods ended March 31, 2012 and 2011, or which are expected to impact future periods, which were not previously disclosed in prior periods.

2. Significant Events and Transactions

In March 2012, the Company announced that it was named as a supplier under the Tactical Communications (TacCom) contract issued by the U.S. Department of Homeland Security (DHS). The contract is for the procurement of P25 digital two-way radios and related equipment by all agencies of the DHS, as well as certain other non-DHS agencies, such as the U.S. Departments of Justice, State, Interior, and the White House Communications Agency. The maximum total value of the contract is $3 billion with a two-year base period commencing on March 26, 2012, and three one-year option periods at the discretion of the DHS from March 26, 2014 through March 26, 2017.

The TacCom contract names RELM among a select group of suppliers that meet established qualifications. The contract also contains guidelines intended to assure that qualified small business suppliers are the beneficiaries of a portion of the equipment procurements made under the contract. RELM is one of only three companies designated by the contract as a qualified small business supplier for subscriber equipment (i.e. portable and mobile two-way radios). The contract does not specify purchase dates or quantities of equipment from any particular named supplier.

3. Allowance for Doubtful Accounts

The allowance for doubtful accounts on trade receivables was approximately $43 on gross trade receivables of $2,162 at March 31, 2012 and $44 on gross receivables of $4,199 at December 31, 2011. This allowance is used to state trade receivables at a net realizable value or the amount that the Company estimates will be collected of the Company's gross receivables.

4. Inventories, net

The components of inventory, net of reserves for slow-moving, excess or obsolete inventory, consist of the following:

	March 31, 2012	December 31, 2011
Finished goods	**$ 4,478**	$ 3,981
Work in process	**4,595**	4,671
Raw materials	**3,460**	3,496
	$ 12,533	$ 12,148

Reserves for slow-moving, excess, or obsolete inventory were approximately $2,817 at March 31, 2012, compared with approximately $2,765 at December 31, 2011. The reserve for slow-moving, excess, or obsolete inventory is used to state the Company's inventories at the lower of cost or market.

5. Income Taxes

An income tax benefit totaling approximately $277 has been recorded for the three months ended March 31, 2012.

As of March 31, 2012 and December 31, 2011, the Company's net deferred tax assets totaled approximately $8,449, and are primarily composed of net operating loss carry forwards (NOLs). These NOLs total $10,736 for federal and $18,838 for state purposes, with expirations starting in 2017 through 2030.

In order to fully utilize the net deferred tax assets, the Company will need to generate sufficient taxable income in future years to utilize its NOLs prior to their expiration. ASC Topic 740, "*Income Taxes*", requires the Company to analyze all positive and negative evidence to determine if, based on the weight of available evidence, the Company is more likely than not to realize the benefit of the net deferred tax assets. The recognition of the net deferred tax assets and related tax benefits is based upon the Company's conclusions regarding, among other considerations, estimates of future earnings based on information currently available, current and anticipated customers, contracts and product introductions, as well as historical operating results and certain tax planning strategies.

The Company has evaluated the available evidence and the likelihood of realizing the benefit of its net deferred tax assets. From its evaluation the Company has concluded that based on the weight of available evidence, it is more likely than not that the Company will not realize a portion of the benefit of its net deferred tax assets recorded at March 31, 2012. Accordingly, for the three months ended March 31, 2012, the Company maintained its valuation allowance totaling approximately $250 for the portion of benefit of its federal and state deferred tax assets that more likely than not will not be realized. The Company cannot presently estimate what, if any, changes to the valuation of its deferred tax assets may be deemed appropriate in the future. If the Company incurs future losses, it may be necessary to record additional valuation allowance related to the deferred tax assets recognized as of March 31, 2012.

6. Capitalized Software

The Company accounts for the costs of software within its products in accordance with ASC Topic 985-20 *"Costs of Software to be Sold, Leased or Marketed"*, under which certain software costs incurred subsequent to the establishment of technological feasibility are capitalized and amortized over the estimated lives of the related products. The Company determines technological feasibility to be established upon the internal release of a detailed program design as specified by Topic 985-20. Upon the general release of the product to customers, development costs for that product are amortized over periods not exceeding five years, based on current and future revenue of the product. For the three months ended March 31, 2012, the Company's amortization cost was approximately $220 compared with $250 for the same period last year. Net capitalized software costs totaled $2,557 and $2,778 as of March 31, 2012 and December 31, 2011, respectively.

7. Stockholders' Equity

The changes in consolidated stockholders' equity for the three months ended March 31, 2012 are as follows:

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 2011	13,519,323	$ 8,111	$ 24,570	$ (4,612)	$ 28,069
Common stock option exercise and issued	23,659	14	6		20
Share-based compensation expense	–	–	15	–	15
Net loss	–	–	–	(401)	(401)
Balance at March 31, 2012	**13,542,982**	**$ 8,125**	**$ 24,591**	**$ (5,013)**	**$ 27,703**

8. (Loss) Income per Share

The following table sets forth the computation of basic and diluted (loss) income per share:

	Three Months Ended	
	March 31, 2012	March 31, 2011
Numerator:		
Net (loss) (numerator for basic and diluted earnings per share)	**$ (401)**	$ (688)
Denominator:		
Denominator for basic earnings per share weighted average shares	**13,533,949**	13,508,815
Effect of dilutive securities:		
Options	**-**	-
Denominator		
Denominator for diluted earnings per share weighted average shares	**13,533,949**	13,508,815
Basic (loss) per share	**$ (0.03)**	$ (0.05)
Diluted (loss) per share	**$ (0.03)**	$ (0.05)

A total of 533,444 and 1,000,224 shares related to options are not included in the computation of diluted loss per share for the three months ended March 31, 2012 and March 31, 2011, respectively, because to do so would have been anti-dilutive for these periods.

9. Non-Cash Share-Based Employee Compensation

The Company has employee and non-employee director stock option programs. Related to these programs, and in accordance with ASC Topic 718, "*Compensation-Stock Compensation*", the Company recorded non-cash share-based employee compensation expense of $15 for the three months ended March 31, 2012, compared with $50 for the same period last year. The Company considers its non-cash share-based employee compensation expenses as a component of cost of products ($0 for the three months ended March 31, 2012, compared with $4 for the same period last year) and selling, general and administrative expenses ($15 for the three months ended March 31, 2012, compared with $46 for the same period last year). There was no non-cash share–based employee compensation expense capitalized as part of capital expenditures or inventory for the periods presented.

The Company uses the Black-Scholes-Merton option valuation model to calculate the fair value of a stock option grant. The non-cash share-based employee compensation expense recorded in the three months ended March 31, 2012 was calculated using certain assumptions. For a description of such assumptions, reference is made to Note 10 (Share-Based Employee Compensation) of the Company's Consolidated Financial Statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

A summary of stock option activity under the Company's stock option plans as of March 31, 2012, and changes during the three months ended March 31, 2012 are presented below:

As of January 1, 2012	Stock Options	Wgt. Avg. Exercise Price ($) Per Share	Wgt. Avg. Remaining Contractual Life (Years)	Wgt. Avg. Grant Date Fair Value($) Per Share	Aggregate Intrinsic Value ($)
Outstanding	680,912	3.56	-	2.31	-
Vested	609,244	3.60	-	2.33	-
Nonvested	71,668	3.20	-	2.14	-
Period activity					
Issued	-	-	-	-	-
Exercised	23,659	1.14	-	0.80	-
Forfeited	-	-	-	-	-
Expired	123,809	3.31	-	2.44	-
As of March 31, 2012					
Outstanding	533,444	3.72	4.28	2.31	5,125
Vested	503,444	3.82	4.28	2.42	5,125
Nonvested	30,000	2.00	4.15	0.61	-

10. Commitments and Contingencies

Legal Proceedings

From time to time the Company may be involved in various claims and legal actions arising in the ordinary course of its business. There were no pending material claims or legal matters as of March 31, 2012.

Other

As of March 31, 2012, the Company had purchase orders to suppliers of approximately $3,714.

Significant Customers

Sales to United States government agencies represented approximately $1,416 (32.4%) of the Company's total sales for the three months ended March 31, 2012, compared with approximately $3,295 (49.0%) for the same period last year. Accounts receivable from agencies of the United States government were approximately $625 as of March 31, 2012 compared with approximately $986 at the same date last year.

11. Debt

The Company has a secured revolving credit facility with Silicon Valley Bank with maximum borrowing availability of $5,000 (subject to a borrowing base) and a maturity date of December 31, 2012. As of March 31, 2012, the Company was in compliance with all covenants under the loan and security agreement, as amended, governing this revolving credit facility. For a description of such covenants and the other terms and conditions of the loan and security agreement, as amended, reference is made to Note 6 (Debt) of the Company's Consolidated Financial Statements included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2011. As of March 31, 2012, there were no borrowings outstanding under the revolving credit facility and there was approximately $2,623 of borrowing available under the revolving credit facility.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

SPECIAL NOTE CONCERNING

FORWARD-LOOKING STATEMENTS

We believe that it is important to communicate our future expectations to our security holders and to the public. This report, therefore, contains statements about future events and expectations which are “forward-looking statements” within the meaning of Sections 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934, including the statements about our plans, objectives, expectations and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” You can expect to identify these statements by forward-looking words such as “may,” “might,” “could,” “would,” ”will,” “anticipate,” “believe,” “plan,” “estimate,” “project,” “expect,” “intend,” “seek” and other similar expressions. Any statement contained in this report that is not a statement of historical fact may be deemed to be a forward-looking statement. Although we believe that the plans, objectives, expectations and prospects reflected in or suggested by our forward-looking statements are reasonable, those statements involve risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by these forward-looking statements, and we can give no assurance that our plans, objectives, expectations and prospects will be achieved.

Important factors that might cause our actual results to differ materially from the results contemplated by the forward-looking statements are contained in the “Risk Factors” section of and elsewhere in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and in our subsequent filings with the Securities and Exchange Commission, and include, among others, the following:

- changes in customer preferences;
- our inventory and debt levels;
- heavy reliance on sales to agencies of the United States government;
- federal, state and local government budget deficits and spending limitations;
- quality of management, business abilities and judgment of our personnel;
- the availability, terms and deployment of capital;
- competition in the land mobile radio industry;
- reliance on contract manufacturers;
- limitations in available radio spectrum for use of land mobile radios;
- changes or advances in technology; and
- general economic and business conditions.

We assume no obligation to publicly update or revise any forward-looking statements made in this report, whether as a result of new information, future events, changes in assumptions or otherwise, after the date of this report. Readers are cautioned not to place undue reliance on these forward-looking statements.

Reported dollar amounts in management’s discussion and analysis are disclosed in millions or as whole dollar amounts.

Executive Summary

For the quarter ended March 31, 2012 total sales were approximately 34.9% lower than sales for the same quarter last year. Offsetting the sales decline, however, selling, general and administrative expenses were reduced by approximately 27.9% compared with the first quarter last year. Consequently, our pretax loss for the first quarter 2012 was approximately $10,000 less than our pretax loss for the first quarter last year.

For the first quarter ended March 31, 2012, total sales were approximately $4.4 million, compared with approximately $6.7 million for the same quarter last year. Sales of P25 digital products for the first quarter 2012 totaled approximately $2.2 million (49.8% of total sales) compared with approximately $4.5 million (67.4% of total sales) for the same quarter last year.

Gross margins as a percentage of sales for the first quarter ended March 31, 2012 were 38.2% compared with 38.7% for the same quarter last year, reflecting reduced manufacturing volumes and a lower mix of P25 digital product sales.

For the first quarter ended March 31, 2012, selling, general and administrative expenses (SG&A) totaled approximately $2.3 million (53.6% of sales) compared with approximately $3.2 million (48.4% of sales) for the same quarter last year. The decrease in SG&A expenses for the first quarter 2012 compared with the same quarter last year was the result of reductions in engineering, marketing, selling, headquarters and public company expenses.

Pretax loss for the first quarter 2012 totaled approximately $678,000 compared with a pretax loss of approximately $688,000 for the same quarter last year. Income tax benefit for the first quarter 2012 was approximately $277,000, compared with no income tax benefit or expense for the first quarter last year.

Net loss for the first quarter 2012 was approximately $401,000 ($0.03 per basic share), compared with a net loss totaling $688,000 ($0.05 per basic share) for the same quarter last year.

As of March 31, 2012, working capital totaled approximately $19.1 million, of which approximately $5.6 million was comprised of cash and trade receivables. As of December 31, 2011, working capital totaled approximately $19.5 million, of which approximately $6.8 million was comprised of cash and trade receivables.

Results of Operations

As an aid to understanding our operating results for the periods covered by this report, the following table shows selected items from our condensed consolidated statements of operations expressed as a percentage of sales:

	Percentage of Sales Three Months Ended	
	March 31, 2012	**March 31, 2011**
Sales	**100.0%**	100.0%
Cost of products	**(61.8)**	(61.3)
Gross margin	**38.2**	38.7
Selling, general and administrative expenses	**(53.6)**	(48.4)
Net interest expense	**(0.0)**	(0.5)
Other expense	**(0.1)**	(0.1)
Pretax (loss) income	**(15.5)**	(10.3)
Income tax expense	**6.3**	(0.0)
Net (loss) income	**(9.2)%**	(10.3)%

Net Sales

For the first quarter ended March 31, 2012, net sales were approximately $4.4 million, compared with approximately $6.7 million for the same quarter last year. Sales of P25 digital products for the quarter totaled approximately $2.2 million (49.8% of total sales), compared with approximately $4.5 million (67.4% of total sales) for the same quarter last year.

Net sales for the first quarter ended March 31, 2012 decreased approximately $2.3 million (34.9%) compared with the first quarter last year. The decrease was attributable entirely to a decline in sales of P25 digital products to federal, state and local government agencies.

Despite our sluggish sales in the first quarter 2012, we believe we are strategically positioned with our broad portfolio of products to aggressively pursue significant sales opportunities at various federal, state and local government and public safety agencies and ultimately achieve our sales growth objectives. For instance, as announced in March 2012, we were named as a supplier on the U.S. Department of Homeland Security Tactical Communications contract (TacCom). The contract is for the procurement of P25 digital two-way radios and related equipment by all agencies of the DHS, as well as certain other non-DHS agencies, such as the U.S. Departments of Justice, State, Interior, and the White House Communications Agency. The maximum total value of the contract is $3 billion with a two-year base period commencing on March 26, 2012, and three one-year option periods at the option of the DHS from March 26, 2014 through March 26, 2017. The contract names RELM among a select group of suppliers that meet established qualifications. The contract also contains guidelines intended to assure that qualified small business suppliers are the beneficiaries of a portion of the equipment procurements made under the contract. RELM is one of only three companies designated by the contract as a qualified small business supplier for subscriber equipment (i.e. portable and mobile two-way radios). The contract does not specify purchase dates or quantities of equipment from any particular named supplier.

Cost of Products and Gross Margin

Gross margins as a percentage of sales for the first quarter ended March 31, 2012 were 38.2% compared with 38.7% for the same quarter last year.

Our cost of products and gross margins are primarily related to material and labor costs, product mix, manufacturing volumes and pricing. Margins for the first quarter 2012 reflect the impact of lower sales and the resulting decrease in manufacturing volume. Accordingly, we did not fully utilize and absorb our base of manufacturing and support expenses. Also, the mix of product sales in the first quarter 2012 was less favorable compared to the same quarter last year due to lower sales of P25 digital products.

We continue to utilize contract manufacturing relationships to maximize production efficiencies and minimize material and labor costs. We also regularly consider manufacturing alternatives to improve quality, speed and costs. We anticipate that the current contract manufacturing relationships or comparable alternatives will be available to us in the future. Increases in total sales volumes and P-25 product sales, combined with the aforementioned manufacturing improvements, we believe, should yield gross margin improvements.

Selling, General and Administrative Expenses

Selling, general and administrative (SG&A) expenses consist of marketing, sales, commissions, engineering, product development, management information systems, accounting, headquarters and non-cash share-based employee compensation expenses.

SG&A expenses for the first quarter 2012 declined approximately $908,000 (28.0%) to approximately $2.3 million (53.6% of sales), compared with approximately $3.2 million (48.4% of sales) for the same quarter last year.

Engineering and product development expenses for the first quarter 2012 declined approximately $565,000 (40.0%) compared with the same quarter last year. The expense decrease for the first quarter 2012 was the result of expense reductions implemented during the second quarter last year and maintained thereafter, as some product development initiatives were completed.

Marketing and selling expenses for the first quarter 2012 decreased by approximately $297,000 (25.7%) compared with the same quarter last year. These decreases relate primarily to commission and expense reductions implemented during the second quarter last year and maintained thereafter. Although expenses have been reduced, we are prioritizing and supporting critical initiatives for sales growth.

General and administrative expenses for the first quarter 2012 decreased by approximately $46,000 (6.7%), compared with the same quarter last year. These expense reductions are primarily the result of reduced headquarters and public company expenses, including non-cash share-based employee compensation expenses.

Operating Loss

Operating loss for the quarter ended March 31, 2012 totaled approximately $673,000 (15.4% of sales), compared with an operating loss of approximately $647,000 (9.6% of sales) for the same quarter last year. The operating loss for the first quarter was driven primarily by reduced total sales and sales of P25 digital equipment that contributed to lower gross margins. These factors were partially offset by operating expense reductions implemented during the second quarter last year and maintained since then.

Net Interest Expense

For the first quarter ended March 31, 2012, we reported no net interest expense, compared with $35,000 of net interest expense for the same quarter last year. We incur interest expense on outstanding borrowings under our revolving credit facility and earn interest income on our cash balances. We had no borrowings under our revolving credit facility during the first quarter 2012. The interest rate on such revolving credit facility as of March 31, 2012 was 4.50% per annum. This rate is variable based on the lender's prime rate plus 50 basis points.

Income Taxes

We recorded an income tax benefit for the quarter ended March 31, 2012 of approximately $277,000, compared with no income tax benefit or expense for the same quarter last year. Our income tax benefit is primarily non-cash.

As of March 31, 2012, our net deferred tax assets totaled approximately $8.4 million, and are primarily composed of net operating loss carry forwards (NOLs). These NOLs total $10.7 million for federal and $18.8 million for state purposes, with expirations starting in 2017 through 2030.

In order to fully utilize the net deferred tax assets, we will need to generate sufficient taxable income in future years to utilize our NOLs prior to their expiration. ASC Topic 740, "*Income Taxes*", requires us to analyze all positive and negative evidence to determine if, based on the weight of available evidence, we are more likely than not to realize the benefit of the net deferred tax assets. The recognition of the net deferred tax assets and related tax benefits is based upon our conclusions regarding, among other considerations, estimates of future earnings based on information currently available, current and anticipated customers, contracts and product introductions, as well as historical operating results and certain tax planning strategies.

We have evaluated the available evidence and the likelihood of realizing the benefit of our net deferred tax assets. From our evaluation we have concluded that based on the weight of available evidence, it is more likely than not that we will not realize a portion of the benefit of our net deferred tax assets recorded at March 31, 2012. Accordingly, as of March 31, 2012, we maintained our valuation allowance totaling approximately $250,000 for the portion of benefit of our federal and state deferred tax assets that more likely than not will not be realized. We cannot presently estimate what, if any, changes to the valuation of our deferred tax assets may be deemed appropriate in the future. If we incur future losses, it may be necessary to record additional valuation allowance related to the deferred tax assets recognized as of March 31, 2012.

Liquidity and Capital Resources

For the three months ended March 31, 2012, net cash provided by operating activities totaled approximately $777,000 compared with approximately $323,000 for the same quarter last year. Cash provided by operating activities during the first quarter 2012 was primarily related to collections of trade receivables, which were partially offset by our net loss, payments of accounts payable and increased inventory. For the three months ended March 31, 2012, we realized a net loss of approximately $401,000 compared with approximately $688,000 for the same quarter last year. The approximately $2.0 million decrease in accounts receivable as of March 31, 2012 was primarily the result of collections from customers, while the $360,000 decrease in accounts payable was the result of payments to suppliers. For the same period last year accounts receivable decreased approximately $1.2 million due to collections, and accounts payable increased by approximately $508,000 primarily due to material purchases. Net inventories increased during the first quarter 2012 by approximately $385,000 in support of our broader product portfolio and anticipated demand, compared with an increase of approximately $1.4 million for the same quarter last year. We are continuing our efforts to actively manage purchases and better align inventory with anticipated business levels. Depreciation and amortization totaled approximately $317,000 for the quarter ended March 31, 2012, compared with approximately $351,000 for the same quarter last year as some capital assets have reached the end or later stage of their depreciation cycle.

Cash used in investing activities for the quarter ended March 31, 2012 totaled approximately $19,000 compared with approximately $118,000 for the same quarter last year. Cash used in investing activities for both the quarter ended March 31, 2012 and the prior year's quarter was primarily to fund the purchase of test equipment and manufacturing tooling. We anticipate that future capital expenditures will be funded through our existing cash balance and operating cash flow.

Cash provided by financing activities for the three months ended March 31, 2012 totaled approximately $20,000, representing proceeds from the issuance of common stock. For the same quarter last year cash provided by financing activities totaled approximately $300,000, which represented borrowings under our revolving credit facility of approximately $1.5 million net of repayments of approximately $1.2 million.

We have a secured revolving credit facility with Silicon Valley Bank with maximum borrowing availability of $5 million (subject to the borrowing base) and a maturity date of December 31, 2012.

As of March 31, 2012 and the date of this report, we were in compliance with all covenants under the loan and security agreement, as amended, governing the revolving credit facility. For a description of such covenants and the other terms and conditions of the loan and security agreement, as amended, reference is made to Note 6 (Debt) of our Consolidated Financial Statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

As of March 31, 2012 and the date of this report, there were no borrowings outstanding under the revolving credit facility. As of March 31, 2012 and the date of this report, there was approximately $2,623 and $2,553, respectively, of borrowing available under the revolving credit facility.

Our cash balance at March 31, 2012 was approximately $3.5 million. We believe these funds combined with anticipated cash generated from operations and borrowing availability under our revolving credit facility are sufficient to meet our working capital requirements for the foreseeable future. However, although we do not anticipate needing additional capital in the near term, the current financial and economic conditions could limit our access to credit and impair our ability to raise capital, if needed, on acceptable terms or at all. We also face other risks that could impact our business, liquidity and financial condition. For a description of these risks, see "Item 1A. Risk Factors" set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

Critical Accounting Policies

In response to the SEC's financial reporting release, FR-60, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, we have selected for disclosure our revenue recognition process and our accounting processes involving significant judgments, estimates and assumptions. These processes affect our reported revenues and current assets and are therefore critical in assessing our financial and operating status. We regularly evaluate these processes in preparing our financial statements. The processes for revenue recognition, allowance for collection of trade receivables, reserves for excess or obsolete inventory, software development and income taxes involve certain assumptions and estimates that we believe to be reasonable under present facts and circumstances. These estimates and assumptions, if incorrect, could adversely impact our operations and financial position. There were no changes to our critical accounting policies during the quarter ended March 31, 2012 as described in Item 7. of our Annual Report on Form 10-K for the fiscal year ended December 31, 2011.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We may be subject to the risk of fluctuating interest rates in the ordinary course of business for borrowings under our revolving credit facility, which bears interest at a variable rate based on the lender's prime rate, in effect from time to time, plus 50 basis points. As of March 31, 2012, there were no borrowings outstanding under our revolving credit facility.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer (who serves as our principal financial and accounting officer) have evaluated the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 Rules 13a-15(e) and 15d-15(e)) as of March 31, 2012. Based on this evaluation, they have concluded that our disclosure controls and procedures were effective as of March 31, 2012.

Changes in Internal Control over Financial Reporting

During the first quarter ended March 31, 2012, there were no changes in our internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Securities Exchange Act Rules 13a-15 or 15d-15 that have materially

affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II- OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to Note 10 (Legal Proceedings) of the Company's Condensed Consolidated Financial Statements included elsewhere in this report for the information required by this Item.

ITEM 6. EXHIBITS

Exhibit 31.1	Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 31.2	Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
Exhibit 32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-K).
Exhibit 32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-K).

SIGNATURES

Pursuant to the requirements of Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

RELM WIRELESS CORPORATION
(The "Registrant")

Date: June 5, 2012

By: /s/ David P. Storey
David P. Storey
President and Chief Executive Officer
(Principal executive officer and duly authorized officer)

Date: June 5, 2012

By: /s/ William P. Kelly
William P. Kelly
Executive Vice President and Chief Financial Officer
(Principal financial and accounting officer and duly authorized officer)

Exhibit Index

Exhibit Number	Description
31.1	Certification Pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished pursuant to Item 601(b)(32) of Regulation S-K).

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, David P. Storey, President and Chief Executive Officer of RELM Wireless Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RELM Wireless Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 5, 2012

/s/ David P. Storey
David P. Storey
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002

I, William P. Kelly, Executive Vice President and Chief Financial Officer of RELM Wireless Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of RELM Wireless Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles:

(c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 5, 2012

/s/ William P. Kelly

William P. Kelly
Executive Vice President and Chief Financial Officer

EXHIBIT 32.1

RELM WIRELESS CORPORATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of RELM Wireless Corporation (the "Company") on Form 10-Q for the quarterly period ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David P. Storey, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

RELM Wireless Corporation

Date: June 5, 2012

/s/ David P. Storey

David P. Storey
President and Chief Executive Officer

EXHIBIT 32.2

RELM WIRELESS CORPORATION

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of RELM Wireless Corporation (the "Company") on Form 10-Q for the quarterly period ended March 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William P. Kelly, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

RELM Wireless Corporation

Date: June 5, 2012

/s/ William P. Kelly

William P. Kelly
Executive Vice President and Chief Financial Officer