

FREQUENCY ELECTRONICS INC  
Form 10-Q  
March 17, 2017

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

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FORM 10-Q

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(Mark one)

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

For the Quarterly Period ended January 31, 2017

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 No. 1-8061

FREQUENCY ELECTRONICS, INC.  
(Exact name of Registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

11-1986657  
(I.R.S. Employer Identification No.)

55 CHARLES LINDBERGH BLVD., MITCHEL FIELD, N.Y. 11553  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 516-794-4500

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 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller Reporting Company
			(do not check if a 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

**APPLICABLE ONLY TO CORPORATE ISSUERS:** The number of shares outstanding of Registrant’s Common Stock, par value \$1.00 as of March 15, 2017 – 8,729,682

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FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

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## PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

## FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

## Condensed Consolidated Balance Sheets

	January 31, 2017 (UNAUDITED)	April 30, 2016 (UNAUDITED)
	(In thousands except par value)	
<b>ASSETS:</b>		
Current assets:		
Cash and cash equivalents	\$3,109	\$6,082
Marketable securities	7,580	11,111
Accounts receivable, net of allowance for doubtful accounts of \$187 at January 31, 2017 and \$189 at April 30, 2016	7,587	9,000
Costs and estimated earnings in excess of billings, net	9,210	12,377
Inventories, net	41,169	41,278
Deferred and prepaid income taxes	5,821	3,213
Prepaid expenses and other	1,221	1,250
Total current assets	75,697	84,311
Property, plant and equipment, at cost, net of accumulated depreciation and amortization	14,766	13,072
Deferred income taxes	6,760	7,702
Goodwill and other intangible assets	614	617
Cash surrender value of life insurance	13,296	12,819
Other assets	1,666	1,693
Total assets	\$112,799	\$120,214
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
Current liabilities:		
Accounts payable - trade	\$2,528	\$2,650
Accrued liabilities	3,913	6,108
Total current liabilities	6,441	8,758
Long term debt- noncurrent	-	6,000
Deferred compensation	12,464	11,773
Deferred rent and other liabilities	750	331
Total liabilities	19,655	26,862
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - \$1.00 par value; authorized 600 shares, no shares issued	-	-
Common stock - \$1.00 par value; authorized 20,000 shares, 9,164 shares issued and 8,803 outstanding at January 31, 2017; 8,753 outstanding at April 30, 2016	9,164	9,164
Additional paid-in capital	56,235	55,576
Retained earnings	27,141	28,533
	92,540	93,273

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Common stock reacquired and held in treasury - at cost (361 shares at January 31, 2017 and 411 shares at April 30, 2016)	(1,652 )	(1,885 )
Accumulated other comprehensive income	2,256	1,964
Total stockholders' equity	93,144	93,352
Total liabilities and stockholders' equity	\$112,799	\$120,214

See accompanying notes to condensed consolidated financial statements - unaudited.

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## FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

## Condensed Consolidated Statements of Income (Loss) and Comprehensive (Loss) Income

Nine Months Ended January 31,  
(Unaudited)

	2017	2016
	(In thousands except per share data)	
Condensed Consolidated Statements of Income (Loss)		
Revenues	\$38,118	\$46,182
Cost of revenues	26,167	30,459
Gross margin	11,951	15,723
Selling and administrative expenses	9,893	10,067
Research and development expenses	5,147	4,395
Operating (loss) profit	(3,089 )	1,261
Other income (expense):		
Investment income	387	408
Interest expense	(128 )	(93 )
Other income, net	46	428
(Loss) income before provision for income taxes	(2,784 )	2,004
(Tax benefit) provision for income taxes	(1,392 )	900
Net (loss) income	\$(1,392 )	\$1,104
Net (loss) income per common share		
Basic	\$(0.16 )	\$0.13
Diluted	\$(0.16 )	\$0.12
Weighted average shares outstanding		
Basic	8,780	8,723
Diluted		