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ENGINEERED SUPPORT SYSTEMS INC

Form 10-Q

June 14, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

Quarterly Report under Section 13 or 15 (d)

of the Securities Exchange Act of 1934

For the six months ended April 30, 2002 Commission file number 0-13880

ENGINEERED SUPPORT SYSTEMS, INC.

(Exact name of Registrant as specified in its charter)

Missouri 43-1313242
(State of Incorporation) (IRS Employer Identification Number)

201 Evans Lane, St. Louis, Missouri 63121
(Address of principal executive offices) (Zip Code)

Registrant's telephone number including area code: (314) 553-4000

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 ☐

The number of shares of the Registrant's common stock, \$.01 par value, outstanding at May 31, 2002 was 10,452,526.

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ENGINEERED SUPPORT SYSTEMS, INC.

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ENGINEERED SUPPORT SYSTEMS, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except per share amounts)

	April 30 2002 ----- (Unaudited)	October 31 2001 -----
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 21,297	\$ 1,015
Accounts receivable	27,600	31,430
Contracts in process and inventories	43,541	49,391
Deferred income taxes	14,385	19,901
Other current assets	3,220	2,316
Current assets of discontinued operations	6,884	7,184
	-----	-----
Total Current Assets	116,927	111,237
Property, plant and equipment, less accumulated depreciation of \$23,333 and \$21,007		
	43,467	44,072
Goodwill	71,427	71,427

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Deferred income taxes	773	
Other assets	5,271	5,099
Long-term assets of discontinued operations	2,995	8,600
	-----	-----
Total Assets	\$ 240,860	\$ 240,435
	=====	=====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities

Notes payable	\$	\$ 700
Current maturities of long-term debt	21,019	21,038
Accounts payable	17,153	20,396
Other current liabilities	27,819	25,778
Current liabilities of discontinued operations	2,379	2,060
	-----	-----
Total Current Liabilities	68,370	69,972

Long-term debt	31,500	42,000
Deferred income taxes		1,142
Other liabilities	16,759	17,929

Shareholders' Equity

Common stock, par value \$.01 per share; 30,000 shares authorized; 11,698 and 11,672 shares issued	117	117
Additional paid-in capital	90,912	85,682
Retained earnings	70,434	61,823
Accumulated other comprehensive loss	(5,216)	(5,554)
	-----	-----
	156,247	142,068
Less treasury stock at cost, 1,291 and 1,467 shares	32,016	32,676
	-----	-----
	124,231	109,392
	-----	-----
Total Liabilities and Shareholders' Equity	\$ 240,860	\$ 240,435
	=====	=====

See notes to condensed consolidated financial statements.

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ENGINEERED SUPPORT SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share amounts)

	Three Months Ended April 30		Six Months April
	2002	2001	2002
Net revenues	\$ 91,780	\$ 94,550	\$ 183,066
Cost of revenues	70,018	75,866	141,392
Gross profit	21,762	18,684	41,674
Selling, general and administrative expense	10,305	9,749	19,699
Operating income from continuing operations	11,457	8,935	21,975
Interest expense	(756)	(1,702)	(1,619)
Interest income	60	32	82
Gain (loss) on sale of assets		2	3
Income from continuing operations	10,761	7,267	20,441
Income tax provision	4,197	2,907	7,975
Net income from continuing operations	6,564	4,360	12,466
Discontinued operations:			
Income (loss) from discontinued operations, net of income tax	(143)	84	(524)
Estimated loss on disposal, net of income tax	(3,145)		(3,145)
Net income	\$ 3,276	\$ 4,444	\$ 8,797
Basic earnings per share (1):			
Continuing operations	\$ 0.63	\$ 0.47	\$ 1.21
Discontinued operations:			
Income (loss)	(0.01)	0.01	(0.05)

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Estimated loss on disposal	(0.30)		(0.30)
	-----	-----	-----
Total	\$ 0.32	\$ 0.48	\$ 0.86
	=====	=====	=====
Diluted earnings per share (1):			
Continuing operations	\$ 0.61	\$ 0.44	\$ 1.17
Discontinued operations:			
Income (loss)	(0.01)	0.01	(0.05)
Estimated loss on disposal	(0.29)		(0.29)
	-----	-----	-----
Total	\$ 0.31	\$ 0.45	\$ 0.83
	=====	=====	=====