

FREQUENCY ELECTRONICS INC  
Form 10-Q  
September 14, 2018

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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 July 31, 2018

**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, a smaller reporting company or an "emerging growth company". See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth 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

Emerging growth company

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act.

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 September 12, 2018 –  
8,729,682

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**FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES**

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## Condensed Consolidated Balance Sheets

(In thousands except par value)

	<b>July 31, 2018</b>		<b>April 30, 2018</b>
	(UNAUDITED)		
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 2,621		\$ 7,869
Marketable securities	7,178		6,149
Accounts receivable, net of allowance for doubtful accounts	6,487		4,268
of \$175 at July 31, 2018 and \$181 at April 30, 2018			
Costs and estimated earnings in excess of billings, net	6,732		5,094
Inventories, net	26,341		26,186
Prepaid income taxes	1,453		1,459
Prepaid expenses and other	1,247		1,050
Total current assets	52,059		52,075
Property, plant and equipment, at cost, net of accumulated depreciation and amortization	14,041		14,127
Goodwill and other intangible assets	617		617
Cash surrender value of life insurance and cash held in trust	14,083		13,915
Other assets	2,733		2,850
<b>Total assets</b>	<b>\$ 83,533</b>		<b>\$ 83,584</b>

**LIABILITIES AND  
STOCKHOLDERS'  
EQUITY:**

Current liabilities:			
Accounts payable - trade	\$	1,264	\$ 1,841
Accrued liabilities		3,174	3,416
Total current liabilities		4,438	5,257
Deferred compensation		13,626	13,541
Deferred rent and other liabilities		1,500	1,524
Total liabilities		19,564	20,322
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, 8,881 shares outstanding at July 31, 2018; 8,867 shares outstanding at April 30, 2018		9,164	9,164
Additional paid-in capital		56,610	56,439
Retained earnings (accumulated deficit)		449	(65 )
Common stock reacquired and held in treasury - at cost (283 shares at July 31, 2018 and 297 shares at April 30, 2018)		(1,295 )	(1,361 )
Accumulated other comprehensive income		(959 )	(915 )
Total stockholders' equity		63,969	63,262
<b>Total liabilities and stockholders' equity</b>	<b>\$</b>	<b>83,533</b>	<b>\$ 83,584</b>

See accompanying notes to condensed consolidated financial statements.

Table of Contents**FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES**

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

Three Months Ended July 31,

(In thousands except per share data)

(Unaudited)

	<b>2018</b>	<b>2017</b>
<b>Condensed Consolidated Statements of Operations</b>		
Revenues	\$11,011	\$12,023
Cost of revenues	6,737	7,502
Gross margin	4,274	4,521
Selling and administrative expenses	2,540	2,712
Research and development expense	1,649	1,629
Operating income	85	180
Other income (expense):		
Investment income	45	1,154
Interest expense	(18 )	(21 )
Other (expense) income, net	(74 )	2
Income before provision for income taxes	38	1,315
Provision for income taxes	7	485
Net income from continuing operations	31	830
Loss from discontinued operations, net of tax	-	(216 )
Net income	\$31	\$614
Net income per common share:		
Basic earnings from continued operations	\$0.00	\$0.09
Basic loss from discontinued operations		(0.02 )
Basic earnings per share	\$0.00	0.07
Diluted earnings from continued operations	\$0.00	0.09
Diluted loss from discontinued operations		(0.02 )
Diluted earnings per share	\$0.00	\$0.07
Weighted average shares outstanding:		
Basic	8,876	8,826
Diluted	8,990	8,967

**Condensed Consolidated Statements of Comprehensive (Loss) Income**

Net income \$