

VERSAR INC
Form 10-Q
February 14, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q**

(Mark One)

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

For the Quarterly Period Ended December 31, 2010

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 1-9309

(Exact name of registrant as specified in its charter)

DELAWARE

54-0852979

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

6850 Versar Center
Springfield, Virginia

22151

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (703) 750-3000

Not Applicable

(Former name, former address and former fiscal year, if changed since last report.)

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 (§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 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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

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Class of Common Stock	Outstanding at February 1, 2011
\$.01 par value	9,311,153

VERSAR, INC. AND SUBSIDIARIES

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VERSAR, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In Thousands, except share data)

	December 31, 2010 (Unaudited)	June 25, 2010
ASSETS		
Current assets		
Cash and cash equivalents	\$ 802	\$ 1,593
Accounts receivable, net	36,606	26,807
Inventory, net	1,414	1,293
Notes receivable, current	1,184	1,146
Prepaid expenses and other current assets	1,721	2,449
Deferred income taxes, current	952	904
Income tax receivable	2,238	2,339
Total current assets	44,917	36,531
Notes receivable, non-current		187
Property and equipment, net	4,003	3,970
Deferred income taxes, non-current	300	619
Goodwill	5,758	5,758
Intangible assets, net	1,701	1,885
Other assets	763	914
Total assets	\$ 57,442	\$ 49,864
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Bank line of credit	\$ 565	\$
Accounts payable	18,336	12,422
Accrued salaries and vacation	2,888	2,091
Accrued bonus	1,050	424
Other current liabilities	3,539	3,877
Notes payable, current	1,411	2,387
Total current liabilities	27,789	21,201
Notes payable, non-current	349	1,059
Other long-term liabilities	1,184	1,187
Total liabilities	29,322	23,447
Commitments and contingencies		
Stockholders equity		

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Common stock, \$.01 par value; 30,000,000 shares authorized; 9,493,474 shares and 9,467,324 shares issued; 9,283,284 shares and 9,258,617 shares outstanding	95	95
Capital in excess of par value	28,544	28,474
Retained earnings (accumulated deficit)	784	(679)
Treasury stock, at cost (210,190 and 208,707 shares, respectively)	(1,025)	(1,021)
Accumulated other comprehensive loss	(278)	(452)
Total stockholders' equity	28,120	26,417
Total liabilities and stockholders' equity	\$ 57,442	\$ 49,864

The accompanying notes are an integral part of these condensed consolidated financial statements.

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VERSAR, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited in thousands, except per share amounts)

	For the Three-Month Periods Ended		For the Six-Month Periods Ended	
	December 31, 2010	December 25, 2009	December 31, 2010	December 25, 2009
GROSS REVENUE	\$ 41,908	\$ 24,387	\$ 71,204	\$ 49,101
Purchased services and materials, at cost	24,634	13,350	39,108	26,120
Direct costs of services and overhead	13,788	9,309	25,725	18,900
GROSS PROFIT	3,486	1,728	6,371	4,081
Selling, general and administrative expenses	1,995	2,238	4,004	4,213
OPERATING INCOME (LOSS)	1,491	(510)	2,367	(132)
OTHER EXPENSE				
Interest income	(38)	(33)	(120)	(65)
Interest expense	57	9	100	22
INCOME (LOSS) BEFORE INCOME TAXES	1,472	(486)	2,387	(89)
Income tax expense (benefit)	548	(186)	924	(26)
NET INCOME (LOSS)	\$ 924	\$ (300)	\$ 1,463	\$ (63)
NET INCOME (LOSS) PER SHARE BASIC	\$ 0.10	\$ (0.03)	\$ 0.16	\$ (0.01)
NET INCOME (LOSS) PER SHARE DILUTED	\$ 0.10	\$ (0.03)	\$ 0.16	\$ (0.01)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING BASIC	9,272	9,121	9,265	9,065

WEIGHTED AVERAG