

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

TECH SYM CORP

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Form 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended March 31, 1994

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 1-4371

Tech-Sym Corporation
(Exact name of Registrant as specified in its charter)

Nevada
(State or other jurisdiction of
incorporation or organization)

74 1509818
(I.R.S. Employer
Identification No.)

10500 Westoffice Drive, Houston, Texas
(Address of principal executive offices)

77042
Zip Code

Registrant's telephone number, including area code: 713/785-7790

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, and (2) has been
subject to such filing requirements for the past 90 days.

Yes /X/ No / /

Indicate the number of shares outstanding of each of the issuer's

classes of common stock, as of the latest practicable date.

COMMON

OUTSTANDING AT APRIL 30, 1994

Common Stock, \$.10 par value 5,771,358

INDEX

Page No.

Part I. Financial Information:

Consolidated Balance Sheet March 31, 1994 and December 31, 1993	1
Consolidated Statement of Income and Accumulated Earnings for Three Months Ended March 31, 1994 and 1993	2
Consolidated Statement of Cash Flows for the Three Months Ended March 31, 1994 and 1993	3
Notes to Consolidated Financial Statements	4-5
Management's Discussion and Analysis of Financial Condition and Results of Operations	6-7

Part II. Other Information:

Item 6. Exhibits and Reports on Form 8-K	8
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Signatures	8
Page 1	

PART I. FINANCIAL INFORMATION

Tech-Sym Corporation

Consolidated Balance Sheet

March 31, 1994 December 31, 1993

(stated in thousands)

Assets

Current assets:

Cash and cash equivalents	\$23,085	\$20,317
Marketable Securities	7,644	7,873
Receivables - net	32,796	30,095
Unbilled revenue	34,564	36,537
Inventories	31,140	31,642
Other	3,659	3,404
	-----	-----

Total current assets	132,888	129,868
Property, plant and equipment - net	32,489	32,651
Long term receivables - net	8,900	9,218
Goodwill and other assets	14,079	13,130
	-----	-----
Total assets	\$188,356	\$184,867
	=====	=====
Liabilities		
Current liabilities:		
Notes payable and current maturities of long-term debt	\$3,632	\$3,442
Billings in excess of cost and estimated earnings on uncompleted contracts	4,474	5,346
Accounts payable	5,913	5,771
Taxes on income	3,714	2,264
Accrued and other liabilities	17,011	17,787
	-----	-----
Total current liabilities	34,744	34,610
Long-term debt	23,624	23,317
Deferred income taxes	2,973	2,973
Other liabilities	9,426	9,423
	-----	-----
Total liabilities	70,767	70,323
Shareholders' Investment		
Preferred stock - authorized 2,000,000 shares, without par value; none issued		
Common stock - authorized 20,000,000 shares, \$.10 par value; issued 7,042,820 and 7,034,220 shares	704	703
Additional capital	34,592	34,432
Accumulated earnings	94,076	91,288
Cumulative translation adjustments	(1,515)	(1,537)
Common stock held in treasury at cost (1,276,562 and 1,288,752 shares)	(10,268)	(10,342)
	-----	-----
Total shareholders' investment	117,589	114,544
	-----	-----
Total liabilities and shareholders' investment	\$188,356	\$184,867
	=====	=====

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

Page 2

Tech-Sym Corporation
Consolidated Statement of Income and

Accumulated Earnings

For The Three Months
Ended March 31,

	1994	1993
(stated in thousands except for per share amounts)		
Sales	\$43,678	\$46,775
Costs and expenses:		
Cost of sales	27,853	30,931
Selling, general and administrative expenses	9,588	10,094
Company sponsored product development	1,718	1,381
Interest expense	661	777
Interest and other (income) expense - net	(380)	(268)
	39,440	42,915
Income before income taxes	4,238	3,860
Provision for income taxes	1,450	1,485
Net income	2,788	2,375
Accumulated earnings:		
Beginning of period	91,288	81,072
End of period	\$94,076	\$83,447
Earnings per common share:		
Net income	\$.48	\$.42

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

Page 3

Tech-Sym Corporation

Consolidated Statement of Cash Flows

For the Three Months
Ended March 31,

	1994	1993
(stated in thousands)		
Cash flows from operating activities:		
Net income	\$2,788	\$2,375
Adjustments to reconcile net income to net cash provided by operating activities:		

Depreciation and amortization	1,764	1,588
Deferred income taxes		551
Change in operating assets and liabilities:		
Receivables	(2,701)	(4,555)
Unbilled revenue	1,973	(1,819)
Inventories	502	998
Accounts payable	142	(129)
Billing in excess and other accrued liabilities	(1,648)	1,891
Taxes on income	1,450	2,024
Long-term receivables - net	318	
Other - net	(1,185)	(1,608)
	-----	-----
Net cash provided by operating activities	3,403	1,316
	-----	-----
Cash flows from investing activities:		
Capital expenditures	(1,476)	(2,015)
Payment for purchase of businesses, net of cash acquired		
Purchases of investment securities		(2,003)
Sales of investment securities	230	2,291
Other investing activities	(119)	(356)
	-----	-----
Net cash used for investing activities	(1,365)	(2,083)
	-----	-----
Cash flows from financing activities:		
Net borrowings (payments) under line of credit agreements	151	187
Proceeds from long-term debt	460	
Payments on long-term debt	(115)	(129)
Proceeds from exercise of stock options	234	321
Cash paid to acquire treasury stock		(314)
	-----	-----
Net cash provided by financing activities	730	65
	-----	-----
Net increase (decrease) in cash and cash equivalents	2,768	(702)
Cash and cash equivalents at beginning of year	20,317	12,934
	-----	-----
Cash and cash equivalents at end of period	\$23,085	\$12,232
	=====	=====
Cash flow from operating activities include:		
Interest paid	\$1,172	\$1,249
Income taxes paid	740	82

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

1. The unaudited consolidated financial statements include the accounts of Tech-Sym Corporation and its subsidiaries ("the Company") for the three month period ended March 31, 1994 and 1993 and should be read in conjunction with the financial statements and the notes thereto included in the Company's latest annual report. In the opinion of management, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of these unaudited statements have been included. Such financial results, however, should not be construed as necessarily indicative of future earnings.
2. Inventories are valued at the lower of cost or market. Cost is determined on the first-in, first-out method. Inventories (principally electronic parts) which aggregated \$31,140,000 at March 31, 1994, include raw materials of \$13,763,000 and work-in-process and finished goods of \$17,377,000.
3. Shares of common stock of the Company have been reserved at March 31, 1994 for issuance as follows:

58,200 shares for issuance upon exercise of options granted under the 1980 Stock Option Plan of the Company.

39,600 shares for issuance upon exercise of options granted to nonemployee directors.

443,290 shares for issuance upon exercise of options granted or to be granted under the 1990 Stock Option Plan of the Company.

3,153,674 shares for issuance upon exercise of common stock purchase rights granted pursuant to the Company's Common Stock Purchase Rights Plan adopted by the Board of Directors on June 1, 1988.

4. The Company provides deferred income taxes for temporary differences arising when revenues or expenses are recognized in different periods for financial and tax reporting purposes.

Provision for federal income taxes for the three month period ended March 31, 1994 and 1993 was equivalent to an effective rate of 34% and 36%, respectively, of earnings before income taxes.

5. Earnings per common share are based on the weighted average number of shares outstanding during each period (5,760,000 and

5,617,000 for the three months ended March 31, 1994 and 1993, respectively).

Page 6

Management's Discussion and Analysis of Financial Condition
and Results of Operations

LIQUIDITY AND CAPITAL RESOURCES:

The Company's operating activities provided cash in the amount of \$3,403,000 for the three months ended March 31, 1994, and \$1,316,000 for the three months ended March 31, 1993. During 1989, the Company completed a long-term unsecured note financing in the principal amount of \$20,000,000. The Company is required to repay such amount in annual principal installments of approximately \$2,857,000 beginning in 1995. The terms of the unsecured note financing impose limitations on future (additional) borrowings. Given the current level of liquid assets and projected cash flows from future operations, the Company does not presently anticipate the need for future borrowings in excess of such limitations. Subsequent to the completion of the note financing, the Company also negotiated new unsecured bank lines of credit which, among other changes, removed the restrictions as to amounts that may be distributed from subsidiaries to Tech-Sym Corporation. At March 31, 1994, the Company had unused committed lines of credit which aggregated \$27,800,000.

After working capital, the chief use of the Company's funds has normally been capital expenditures. Capital expenditures for property, plant and equipment were \$1,476,000 and \$2,015,000 for the three months ended March 31, 1994 and 1993, respectively.

RESULTS OF OPERATIONS:

The following is management's discussion and analysis of certain significant factors which have affected the Company's earnings during the periods included in the accompanying consolidated statements of income.

A summary of the period to period changes in the principal items included in the consolidated statements of income is shown below:

Comparison of
Three Months
Ended March 31,
1994 and 1993

Increase (Decrease)
(stated in thousands)

Sales

(\$3,096)

Costs and expenses	(3,474)

Income before income taxes	378
Provision for income taxes	(35)

Net income	\$ 413
	===

Page 7

COMPARISON OF THREE MONTHS ENDED MARCH 31, 1994 AND 1993:

Sales for the period ended March 31, 1994 decreased 7% while costs and expenses decreased 8% which resulted in an increase in income before income taxes of 10%. The decrease in sales for the quarter as compared to the same quarter a year ago was primarily the result of decreased sales in the defense systems area (\$3,396,000 or 22%) and communications area (\$940,000 or 5%). These decreases were partially offset by an increase in the seismic survey systems equipment area (\$1,249,000 or 11%).

Cost of sales decreased 10% which compares favorably with the 7% decrease in sales. The higher gross margin percentage is the result of the increased sales of the seismic survey systems equipment area which historically carries a higher margin than the other product areas. Selling, general and administrative expenses decreased 5% which is generally in line with the sales decrease.

Company sponsored product development increased 24% primarily due to an increase in the cost of development programs in the seismic survey systems area. Interest expense is slightly lower due to less borrowings and interest and other income increased due to more funds available to invest during the quarter.

Page 8

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (b) Reports on Form 8-K There were no reports on Form 8-K filed during the three months ended March 31, 1994.

SIGNATURES

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

TECH-SYM CORPORATION
Registrant

Date: May 13, 1994

/s/ Wendell W. Gamel
Wendell W. Gamel, Chairman of
the Board and President

Date: May 13, 1994

/s/ Ray F. Thompson
Ray F. Thompson, Vice-President,
Treasurer, Controller and Chief
Financial Officer