SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2006-01-05** | Period of Report: **2005-11-30**
SEC Accession No. 0000730255-06-000002

(HTML Version on secdatabase.com)

FILER

CalAmp Corp.

CIK:**730255**| IRS No.: **953647070** | State of Incorp.:**DE** | Fiscal Year End: **0228**
Type: **10-Q** | Act: **34** | File No.: **000-12182** | Film No.: **06512952**
SIC: **3663** Radio & tv broadcasting & communications equipment

Mailing Address
1401 N. RICE AVENUE
OXNARD CA 93030

Business Address
1401 N. RICE AVENUE
OXNARD CA 93030
8059879000

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10 - Q

(Mark One)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: November 30, 2005

[ ] 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: 0-12182

Exact Name of Registrant as Specified in Its Charter: CalAmp Corp.

DELAWARE	95-3647070
State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification No.

Address of Principal Executive Offices: 1401 N. Rice Avenue, Oxnard, CA 93030

Registrant's Telephone Number: (805) 987-9000

____
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 [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

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The registrant had 23,009,665 shares of Common Stock outstanding as of January 3, 2006.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CALAMP CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In thousands except par value amounts)

	November 30, 2005	February 28, 2005
Assets		
Current assets:		
Cash and cash equivalents	$ 38,205	$ 31,048
Accounts receivable, less allowance for doubtful accounts of $213 and $477 at November 30, 2005 and February 28, 2005, respectively	36,164	27,027
Inventories, net	19,806	21,465
Deferred income tax assets	3,225	6,118
Prepaid expenses and other current assets	2,227	2,876
Total current assets	99,627	88,534
Property, equipment and improvements, net of accumulated depreciation and amortization	5,383	5,383
Deferred income tax assets, less current portion	2,747	5,285
Goodwill	92,605	92,834
Other intangible assets, net	5,807	4,028
Other assets	473	691
	$206,642	$196,755
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 2,425	$ 2,897
Accounts payable	16,720	18,389
Accrued payroll and employee benefits	3,623	3,652
Other accrued liabilities	4,366	3,127
Deferred revenue	1,297	1,597
Total current liabilities	28,431	29,662
Long-term debt, less current portion	5,964	7,679
Other non-current liabilities	1,091	1,126
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; 3,000 shares authorized; no shares issued or outstanding	-	-
Common stock, $.01 par value; 40,000 shares authorized; 22,999 and 22,714 shares issued and outstanding at November 30, 2005 and February 28, 2005, respectively	230	227
Additional paid-in capital	133,536	131,784
Less common stock held in escrow	(2,532)	(2,548)

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Retained earnings	40,723	29,626
Accumulated other comprehensive loss	(801)	(801)
Total stockholders' equity	171,156	158,288
	$206,642	$196,755

See notes to unaudited consolidated financial statements.

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CALAMP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)
(In thousands except per share amounts)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2005	2004	2005	2004
Revenues:				
Product sales	$60,889	$51,749	$156,717	$138,499
Service revenues	3,574	5,317	12,987	14,391
Total revenues	64,463	57,066	169,704	152,890
Cost of revenues:				
Cost of product sales	45,299	42,786	119,308	113,048
Cost of service revenues	2,700	3,981	9,819	10,918
Total cost of revenues	47,999	46,767	129,127	123,966
Gross profit	16,464	10,299	40,577	28,924
Operating expenses:				
Research and development	2,585	2,315	7,142	6,190
Selling	1,914	1,847	5,582	4,651
General and administrative	2,679	2,786	7,900	8,410
Amortization of intangibles	403	486	1,375	1,207
In-process research and development write-off	-	-	320	471
Total operating expenses	7,581	7,434	22,319	20,929
Operating income	8,883	2,865	18,258	7,995
Non-operating income (expense)	162	8	231	(131)
Income before income taxes	9,045	2,873	18,489	7,864
Income tax provision	(3,606)	(1,086)	(7,392)	(3,022)
Net income	$ 5,439	$ 1,787	$ 11,097	$ 4,842

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Net income per share:				
Basic	$ 0.24	$ 0.08	$ 0.49	$ 0.23
Diluted	$ 0.23	$ 0.08	$ 0.48	$ 0.22
Shares used in per share calculations:				
Basic	22,580	22,356	22,520	21,135
Diluted	23,592	23,113	23,272	21,891

See notes to unaudited consolidated financial statements.

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CALAMP CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Nine Months Ended November 30,	
	2005	2004
Cash flows from operating activities:		
Net income	$11,097	$ 4,842
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,305	3,218
Write-off of in-process research and development	320	471
Equipment impairment write-down	-	241
Increase in equity associated with tax benefit from exercise of stock options	678	224
Deferred tax assets, net	5,431	2,609
Changes in operating assets and liabilities:		
Accounts receivable	(9,238)	(4,900)
Inventories	2,739	(3,434)
Prepaid expenses and other assets	867	2,641
Accounts payable	(1,668)	4,136
Accrued payroll and other accrued liabilities	1,088	(2,175)
Deferred revenue	(273)	357
Other	16	(128)
Net cash provided by operating activities	14,362	8,102
Cash flows from investing activities:		
Capital expenditures	(1,555)	(1,970)
Proceeds from sale of assets	143	835
Acquisition of Skybility business	(4,897)	-
Acquisition of Vytek Corporation, net of cash acquired	-	(1,727)
Net cash used in investing activities	(6,309)	(2,862)
Cash flows from financing activities:		
Proceeds from debt borrowings	-	2,000
Debt repayments	(2,178)	(4,300)
Proceeds from exercise of stock options	1,282	703
Net cash used in financing activities	(896)	(1,597)

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Net change in cash and cash equivalents	7,157	3,643
Cash and cash equivalents at beginning of period	31,048	22,885
Cash and cash equivalents at end of period	$38,205	$26,528

See notes to unaudited consolidated financial statements.

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CALAMP CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
NINE MONTHS ENDED NOVEMBER 30, 2005 and 2004

Note 1 - DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

CalAmp Corp. ("CalAmp" or the "Company") is a provider of wireless products, engineering services and software that enable anytime/anywhere access to critical information, data and entertainment content. CalAmp is the leading supplier of direct broadcast satellite (DBS) outdoor customer premise equipment to the U.S. satellite television market. The Company also provides wireless connectivity solutions for the telemetry and asset tracking markets, public safety communications, the healthcare industry and digital multimedia delivery applications.

The Company uses a 52-53 week fiscal year ending on the Saturday closest to February 28, which for fiscal year 2005 fell on February 26, 2005. The actual interim periods ended on November 26, 2005 and November 27, 2004. In the accompanying consolidated financial statements, the 2005 fiscal year end is shown as February 28 and the interim period end for both years is shown as November 30 for clarity of presentation.

Certain notes and other information are condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the Company's 2005 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on May 6, 2005.

In the opinion of the Company's management, the accompanying consolidated financial statements reflect all adjustments necessary to present fairly the Company's financial position at November 30, 2005 and its results of operations for the three and nine month periods ended November 30, 2005 and 2004. The results of operations for such periods are not necessarily indicative of results to be expected for the full fiscal year.

All intercompany transactions and accounts have been eliminated in consolidation.

Note 2 - ACQUISITIONS

Skybility

On April 18, 2005, the Company acquired the business and certain assets of Skybility, a privately held company located in Carlsbad, California, pursuant to an Asset Purchase Agreement dated April 18, 2005 (the "Agreement"). Skybility is a developer and supplier of embedded cellular

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transceivers used in telemetry and asset tracking applications that operate on the Global System for Mobile Communications (GSM) network and the Advanced Mobile Phone Service (AMPS) network. The Skybility business operates as the Machine-to-Machine ("M2M") product line of the Company's Products Division.

Skybility's operations are included in the accompanying fiscal 2006 interim consolidated statement of income for the 32-week period from April 18, 2005 to November 30, 2005.

The acquisition of Skybility was motivated primarily by the strategic goals of increasing the Company's presence in markets that offer higher growth and profit margin potential, and diversifying the Company's business and customer base beyond its current dependence on the two major U.S. DBS system operators.

The Company acquired the business of Skybility, its inventory, fixed assets, intellectual property and other intangible assets. No liabilities were assumed in the acquisition. Pursuant to the Agreement, the Company made an initial cash payment of $4,829,000 and agreed to make a future cash payment (the "Earn-out Payment"), subject to the attainment of certain financial performance targets. The formula for the Earn-out Payment is as follows:

Net sales during the 12-month period ending 4/18/06 ("Earn-out Period")	Earn-out Payment
Less than $10 million	None
$10 million or more but not more than $13 million	50% of gross profit on all net sales during the Earn-out Period
More than $13 million	75% of gross profit on net sales up to $20 million during the Earn-out Period

Following is the purchase price allocation (in thousands):

Purchase price paid in cash		$4,829
Direct costs of acquisition		68
Total cost of acquisition		4,897
Fair value of net assets acquired:		
Inventories	$1,080	
Property and equipment	369	
Intangible assets:		
Developed/core technology	1,730	
Customer lists	1,020	
Covenants not to compete	330	
Contracts backlog	150	
In-process research and development	320	
Total fair value of net assets acquired		4,999
Negative goodwill		$ (102)

The $320,000 allocated to in-process research and development in the purchase price allocation above was charged to expense following the acquisition.

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The negative goodwill of $102,000 is classified as a liability at November 30, 2005, pending the determination of the Earn-out Payment amount as described above. The Earn-out Payment, if any, will be first applied to the negative goodwill liability. Any Earn-out Payment in excess of the liability will be recorded as goodwill. If after applying the Earn-out Payment against the liability, it results in a remaining balance in the liability account, such amount will be used to reduce the amounts allocated to the acquired assets on a pro rata basis.

Vytek

In connection with the acquisition of Vytek Corporation on April 12, 2004, the Company entered into an escrow agreement with a designated representative of the selling stockholders of Vytek (the "Vytek Stockholder Representative") and an independent escrow agent. Under the terms of the escrow agreement, 854,700 shares of CalAmp's common stock were deposited into the escrow account at the time of the acquisition and were to serve as security for potential indemnity claims by the Company under the acquisition agreement. In November 2004, 628,380 shares of common stock held in escrow were forfeited by the selling stockholders of Vytek pursuant to the Working Capital Adjustment provisions of the acquisition agreement and were returned to the Company. These 628,380 shares were then canceled and returned to the status of authorized, unissued shares. In November 2005, the escrow agent sold 1,444 shares from the escrow account to pay for the legal fees of the Vytek Stockholder Representative. At November 30, 2005, there were 224,876 shares of CalAmp's common stock remaining in the escrow account. Subject to any claims by the Company for indemnification, except for an amount equal in value to $2 million, all shares of the Company's common stock in the escrow account were to be released to the selling stockholders of Vytek, in accordance with their pro rata interests, 15 months after the April 12, 2004 closing date. No further shares have been released from the escrow account because the Company has indemnification claims against the escrow account (which the Vytek Stockholder Representative is disputing) and because the market value of the remaining escrow shares was less than $2 million at July 12, 2005. All remaining shares of the Company's common stock, if any, in the escrow account will be released to the Vytek selling stockholders two years after the April 12, 2004 closing date, subject to any then pending and unresolved claims for indemnification. The shares in escrow are carried at a per share value of $11.26, which was the average closing price of the Company's common stock on the NASDAQ National Market for the period beginning two trading days before and ending two trading days after December 23, 2003, the day that the acquisition terms were agreed to and announced.

Note 3 - INVENTORIES

Inventories include the cost of material, labor and manufacturing overhead, are stated at the lower of cost (determined on the first-in, first-out method) or market, and consist of the following (in thousands):

	November 30, 2005	February 28, 2005
Raw materials	$15,068	$17,680
Work in process	896	676
Finished goods	3,842	3,109
	$19,806	$21,465

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Note 4 - GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill associated with each reporting unit is as follows (in thousands):

	Products	Solutions	Total
Balance as of February 28, 2005	$ 57,785	$ 35,049	$ 92,834
Removal of goodwill associated with divested assets	-	(230)	(230)
Other change	-	1	1
Balance as of November 30, 2005	$ 57,785	$ 34,820	$ 92,605

Impairment tests of goodwill associated with the Products Division are conducted annually as of December 31. The annual tests conducted in the last three fiscal years indicated no impairment of Products Division goodwill.

The initial annual impairment test of the goodwill associated with the Solutions Division was performed during the first quarter of fiscal 2006 using a testing date of April 30, 2005, which indicated that there was no impairment of Solutions Division goodwill.

The Company used a discounted cash flow approach to estimate the fair value of both divisions in these impairment tests.

Other intangible assets are comprised as follows (in thousands):

		November 30, 2005			February 28, 2005		
	Amortization Period	Gross Carrying Amount	Accum. Amortization	Net	Gross Carrying Amount	Accum. Amortization	Net
Developed/core technology	5 yrs.	$5,079	$1,307	$3,772	$3,349	$ 592	$2,757
Customer lists	5 yrs.	2,147	494	1,653	1,127	199	928
Contracts backlog	1 yr.	995	995	-	845	748	97
Covenants not to compete	4.5 yrs.	730	423	307	400	304	96
Licensing right	2 yrs.	200	125	75	200	50	150
		$9,151	$3,344	$5,807	$5,921	$1,893	$4,028

Amortization of intangibles was $1,451,000 and $1,257,000 for the nine months ended November 30, 2005 and 2004, respectively. Amortization expense for the nine months ended November 30, 2005 is reported in the accompanying consolidated statements of income in cost of revenues and operating expenses in the amounts of $76,000 and $1,375,000, respectively.

Estimated amortization expense for the fiscal years ending February 28 is as follows:

2006 (remainder)	$ 420,000
2007	$1,571,000
2008	$1,509,000
2009	$1,509,000

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2010	$ 717,000
Thereafter	$ 81,000

Note 5 - FINANCING ARRANGEMENTS AND CONTRACTUAL CASH OBLIGATIONS

Bank credit facility

The Company has a $14 million working capital line of credit with a commercial bank (increased from $10 million by an amendment dated October 25, 2005). Borrowings under this line of credit bear interest at LIBOR plus 1.50% or the bank's prime rate, and are secured by substantially all of the Company's assets. The maturity date of the line of credit is August 3, 2007. At November 30, 2005, $3,000,000 was outstanding on the line of credit which is classified as long-term at that date. Also at that date, $2,974,000 was reserved under the line for outstanding irrevocable stand-by letters of credit. The Company also has two bank term loans which had an aggregate outstanding principal balance of $5,348,000 at November 30, 2005 of which $2,395,000 is classified as current at that date. The bank credit agreement that encompasses the line of credit and the two term loans contains a subjective acceleration clause that enables the bank to call the loans in the event of a material adverse change (as defined in the bank credit agreement) in the Company's business. Based on the Company's history of profitable operations and positive operating cash flow over the past several years, and based on the Company's internal financial forecasts for the next several quarters, the Company does not believe it is probable that the bank will assert the material adverse change clause in the next 12 months.

Other long-term debt

The Company had capital lease obligations of $41,000 at November 30, 2005, of which $30,000 was classified as current at that date.

Contractual cash obligations

Following is a summary of the Company's contractual cash obligations as of November 30, 2005 (in thousands):

Contractual Obligations	Future Cash Payments Due by Fiscal Year						
	2006 (remainder)	2007	2008	2009	2010	There-after	Total
Debt principal	$ 706	$2,139	$4,800	$ 703	$ -	$ -	$ 8,348
Capital leases	9	33	9	-	-	-	51
Operating leases	485	1,912	1,926	1,991	2,061	1,803	10,178
Purchase obligations	25,273	824	-	-	-	-	26,097
Total contractual cash obligations	$26,473	$4,908	$6,735	$2,694	$2,061	$1,803	$44,674

Purchase obligations consist of obligations under non-cancelable purchase orders, primarily for inventory purchases of raw materials, components and subassemblies.

Note 6 - INCOME TAXES

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The deferred income tax asset reflects the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. A deferred income tax asset is recognized if realization of such asset is more likely than not, based upon the weight of available evidence that includes historical operating performance and the Company's forecast of future operating performance. The Company evaluates the realizability of its deferred income tax asset on a quarterly basis, and a valuation allowance is provided, as necessary. During this evaluation, the Company reviews its forecasts of income in conjunction with the positive and negative evidence surrounding the realizability of its deferred income tax asset to determine if a valuation allowance is needed.

Vytek, which was acquired by the Company in April 2004, has tax loss carryforwards and other tax assets that the Company believes will be utilizable to some extent in the future, subject to change of ownership limitations pursuant to Section 382 of the Internal Revenue Code and to the ability of the combined post-merger company to generate sufficient taxable income to utilize the benefits before the expiration of the applicable carryforward periods. In the purchase price allocation, Vytek's deferred tax assets were valued at $8,783,000, which is net of a valuation allowance of $1,892,000.

At November 30, 2005 the Company's net deferred income tax asset was $5,972,000, which amount is net of a valuation allowance of $1,892,000.

If in the future a portion or all of the $1,892,000 valuation allowance at November 30, 2005 is no longer deemed to be necessary, reductions of the valuation allowance will decrease the goodwill balance associated with the Solutions Division. Conversely, if in the future the Company were to change its realization probability assessment to less than 50%, the Company would provide an additional valuation allowance for all or a portion of the net deferred income tax asset, which would increase the income tax provision.

The effective income tax rate was 40.0% and 38.4% in the nine months ended November 30, 2005 and 2004, respectively.

Note 7 - EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution, using the treasury stock method, that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company. In computing diluted earnings per share, the treasury stock method assumes that outstanding options are exercised and the proceeds are used to purchase common stock at the average market price during the period. Options will have a dilutive effect under the treasury stock method only when the Company reports income and the average market price of the common stock during the period exceeds the exercise price of the options.

The following is a summary of the calculation of weighted average shares used in the computation of basic and diluted earnings per share (in thousands):

	Three months ended November 30,	Nine months ended November 30,

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	2005	2004	2005	2004
Basic weighted average number of common shares outstanding	22,580	22,356	22,520	21,135
Effect of dilutive securities:				
Stock options	787	531	584	644
Shares held in escrow	225	226	168	112
Diluted weighted average number of common shares outstanding	23,592	23,113	23,272	21,891

Options and warrants outstanding at November 30, 2005 to purchase approximately 555,000 shares of common stock at exercise prices of $10.88 and above were excluded from the computation of diluted earnings per share for the three months then ended because the exercise price of these options and warrants was greater than the average market price of the common stock and accordingly the effect of inclusion would be antidilutive.

As further discussed in Note 2, there are shares of the Company's common stock held in escrow in connection with the April 2004 acquisition of Vytek. The shares held in escrow have been excluded from the basic weighted average number of common shares outstanding. However, the estimated impact of these shares has been included in the diluted weighted average number of common shares outstanding for the three and nine months ended November 30, 2005 and 2004.

Note 8 - COMPREHENSIVE INCOME

Comprehensive income is defined as the total of net income and all non-owner changes in equity. The following table details the components of comprehensive income for the three and nine months ended November 30, 2005 and 2004 (in thousands):

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2005	2004	2005	2004
Net income	$5,439	$1,787	$11,097	$4,842
Unrealized holding gain on available-for-sale investments	-	-	-	21
Comprehensive income	$5,439	$1,787	$11,097	$4,863

Note 9 - STOCK OPTIONS

As permitted by SFAS 123, the Company continues to apply the accounting rules of APB No. 25 governing the recognition of compensation expense for options granted under its stock option plans. Such accounting rules measure compensation expense on the first date at which both the number of shares and the exercise price are known. Under the Company's plans, this would typically be the grant date. To the extent that the exercise price equals or exceeds the market value of the stock on the grant date, no expense is recognized. Because options are generally granted at exercise prices not less than the market value on the date of grant, no compensation expense is recognized

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under this accounting treatment in the accompanying consolidated statements of income. The Company will be required to adopt SFAS 123R, which requires the expensing of stock options, effective February 26, 2006, which is the first day of fiscal 2007.

The fair value of options at date of grant was estimated using the Black-Scholes option pricing model with the following assumptions:

	Options granted during the nine months ended November 30,	
	2005	2004
Expected life (years)	5	5
Dividend yield	0%	0%
Interest rates	3.9%-4.3%	3.3%-4.0%
Volatility	84%-95%	97%-134%

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS 123 to stock-based employee compensation (in thousands except per share amounts):

	Three months ended November 30,		Nine months ended November 30,	
	2005	2004	2005	2004
Net income as reported	$5,439	$1,787	$11,097	$ 4,842
Less total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(273)	(460)	(843)	(1,623)
Pro forma net income	$5,166	$1,327	$10,254	$ 3,219
Earnings per share:				
Basic -				
As reported	$ 0.24	$ 0.08	$ 0.49	$ 0.23
Pro forma	$ 0.23	$ 0.06	$ 0.46	$ 0.15
Diluted -				
As reported	$ 0.23	$ 0.08	$ 0.48	$ 0.22
Pro forma	$ 0.22	$ 0.06	$ 0.44	$ 0.15

Note 10 - CONCENTRATION OF RISK

Because the Company's principal business involves the sale of products into a market comprised of two large service providers, a significant percentage of consolidated revenue and consolidated accounts receivable relate to a small number of customers. Sales to customers which accounted for 10% or more of consolidated sales for the three or nine months ended November 30, 2005 or 2004, as a percent of consolidated revenue, are as follows:

Three months ended November 30,	Nine months ended November 30,

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Customer	2005	2004	2005	2004
A	56.6%	44.0%	57.0%	38.5%
B	12.6%	17.4%	12.0%	15.6%
C	-	6.6%	-	11.4%

Accounts receivable from these customers as a percent of consolidated net accounts receivable are as follows:

Customer	Nov. 30, 2005	Feb. 28, 2005
A	54.1%	49.8%
B	11.0%	25.2%
C	-	0.2%

Customers A, B and C are customers of the Company's Products Division.

Note 11 - PRODUCT WARRANTIES

The Company generally warrants its products against defects for a period of one year. An accrual for estimated future costs relating to products returned under warranty is recorded as an expense when products are shipped. At the end of each quarter, the Company adjusts its liability for warranty claims based on its actual warranty claims experience as a percentage of sales for the preceding three years. Activity in the warranty liability for the nine months ended November 30, 2005 and 2004 is as follows (in thousands):

	Nine months ended November 30,	
	2005	2004
Balance at beginning of period	$746	$159
Charged to costs and expenses	401	589
Deductions	(336)	(469)
Balance at end of period	$811	$279

Note 12 - OTHER FINANCIAL INFORMATION

"Net cash provided by operating activities" in the consolidated statements of cash flows includes cash payments for interest and income taxes as follows (in thousands):

	Nine months ended November 30,	
	2005	2004
Interest paid	$ 362	$ 347
Income taxes paid	$ 644	$ 123

Following is the supplemental schedule of non-cash investing and financing activities (in thousands):

Nine months ended

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	November 30, 2005	November 30, 2004
Fair value of Company common stock received as consideration from the sale of assets	$ 190	-
Sale of Company common stock held in escrow to pay for the legal fees of the Vytek Stockholder Representative	$ 16	
Issuance of common stock and assumption of stock options and warrants as consideration for acquisition of Vytek Corporation, net of common stock issued and held in escrow	$ -	$83,383
Decrease in valuation allowance for available-for-sale investment	$ -	$ 21

Note 13 - SEGMENT INFORMATION

Segment information for the three and nine months ended November 30, 2005 and 2004 is as follows (dollars in thousands):

<table>

	Three months ended November 30, 2005				Three months ended November 30,2004			
	Operating Segments				Operating Segments			
	Products Division	Solutions Division	Corporate	Total	Products Division	Solutions Division	Corporate	Total
<s>	<c>	<c>	<c>	<c>	<c>	<c>	<c>	<c>
Revenues:								
Products	$59,565	$ 1,324		$60,889	$50,425	$ 1,324		$51,749
Services	-	3,574		3,574	-	5,317		5,317
Total	$59,565	$ 4,898		$64,463	$50,425	$ 6,641		$57,066
Gross profit:								
Products	$14,441	$ 1,149		$15,590	$ 8,737	$ 226		$ 8,963
Services	-	874		874	-	1,336		1,336
Total	$14,441	$ 2,023		$16,464	$ 8,737	$ 1,562		$10,299
Gross margin:								
Products	24.2%	86.8%		25.6%	17.3%	17.1%		17.3%
Services	-	24.5%		24.4%	-	25.1%		25.1%
Total	24.2%	41.3%		25.5%	17.3%	23.5%		18.0%
Operating income (loss)	$10,406	$ (373)	$(1,150)	$ 8,883	$ 6,191	$(2,379)	$ (947)	$ 2,865

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	Nine months ended November 30, 2005				Nine months ended November 30, 2004			
	Operating Segments				Operating Segments			
	Products Division	Solutions Division	Corporate	Total	Products Division	Solutions Division	Corporate	Total
Revenues:								
Products	$153,331	$ 3,386		$156,717	$133,980	$ 4,519		$138,499
Services	-	12,987		12,987	-	14,391		14,391
Total	$153,331	$16,373		$169,704	$133,980	$18,910		$152,890
Gross profit:								
Products	$ 34,975	$ 2,434		$ 37,409	$ 24,506	$ 945		$ 25,451
Services	-	3,168		3,168	-	3,473		3,473
Total	$ 34,975	$ 5,602		$ 40,577	$ 24,506	$ 4,418		$ 28,924
Gross margin:								
Products	22.8%	71.9%		23.9%	18.3%	20.9%		18.4%
Services	-	24.4%		24.5%	-	24.1%		24.1%
Total	22.8%	34.2%		23.9%	18.3%	23.4%		18.9%
Operating income (loss)	$ 23,453	$(2,029)	$(3,166)	$ 18,258	$16,861	$(5,971)	$(2,895)	$ 7,995

</table>

The Company considers operating income (loss) to be the primary measure of profit or loss of its business segments. The amount shown for each period in the "Corporate" column above for operating income (loss) consists of corporate expenses not allocated to the business segments. Unallocated corporate expenses include salaries and benefits of the CEO, CFO and two other corporate staff, and corporate expenses such as audit fees, investor relations, stock listing fees, director and officer liability insurance, and director fees and expenses.

Note 14 - COMMITMENTS AND CONTINGENCIES

The Company leases the building that houses its corporate office, Products Division offices and manufacturing plant in Oxnard, California under an operating lease that expires June 30, 2011. The lease agreement requires the Company to pay all maintenance, property taxes and insurance premiums associated with the building. In addition, the Company's Products Division leases small facilities in Minnesota and France. The Company's Solutions Division leases offices in California and New Jersey. The Company also leases certain manufacturing equipment and office equipment under operating lease arrangements. A summary of future payments under operating lease commitments is included in the contractual cash obligations table in Note 5.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Areas where significant judgments are made include, but are not limited to: allowance for doubtful accounts, inventory valuation, product warranties, the deferred tax asset valuation allowance, and the valuation of long-lived assets and goodwill. Actual results could differ materially from these estimates.

Allowance for Doubtful Accounts

The Company establishes an allowance for estimated bad debts based upon a review and evaluation of specific customer accounts identified as known and expected collection problems based on historical experience or due to insolvency, disputes or other collection issues. As further described in Note 10 to the accompanying consolidated financial statements, the Company's customer base is quite concentrated, with two customers accounting for 69% of the Company's total revenue for the nine months ended November 30, 2005 and approximately 65% of the Company's accounts receivable balance as of November 30, 2005. Changes in either a key customer's financial position, or the economy as a whole, could cause actual write-offs to be materially different from the recorded allowance amount.

Inventories

The Company evaluates the carrying value of inventory on a quarterly basis to determine if the carrying value is recoverable at estimated selling prices. To the extent that estimated selling prices do not exceed the associated carrying values, inventory carrying amounts are written down. In addition, the Company generally treats inventory on hand or committed with suppliers, which is not expected to be sold within the next 12 months, as excess and thus appropriate write-downs of the inventory carrying amounts are established through a charge to cost of sales. Estimated usage in the next 12 months is based on firm demand represented by orders in backlog at the end of the quarter and management's estimate of sales beyond existing backlog, giving consideration to customers' forecasted demand, ordering patterns and product life cycles. Significant reductions in product pricing, or changes in technology and/or demand may necessitate additional write-downs of inventory carrying value in the future.

Product Warranties

The Company provides for the estimated cost of product warranties at the time revenue is recognized. While it engages in extensive product quality programs and processes, including actively monitoring and evaluating the quality of its component suppliers, the Company's warranty obligation is affected by product failure rates and material usage and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage or service delivery costs differ from management's estimates, revisions to the estimated warranty liability would be required.

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Deferred Income Tax Asset Valuation Allowance

The deferred income tax asset reflects the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. A deferred income tax asset is recognized if realization of such asset is more likely than not, based upon the weight of available evidence that includes historical operating performance and the Company's forecast of future operating performance. The Company evaluates the realizability of its deferred income tax asset on a quarterly basis, and a valuation allowance is provided, as necessary. During this evaluation, the Company reviews its forecasts of income in conjunction with the positive and negative evidence surrounding the realizability of its deferred income tax asset to determine if a valuation allowance is needed.

Vytek, which was acquired by the Company in April 2004, has tax loss carryforwards and other tax assets that the Company believes will be utilizable to some extent in the future, subject to change of ownership limitations pursuant to Section 382 of the Internal Revenue Code and to the ability of the combined post-merger company to generate sufficient taxable income to utilize the benefits before the expiration of the applicable carryforward periods. In the purchase price allocation, Vytek's deferred tax assets were valued at $8,783,000, which is net of a valuation allowance of $1,892,000.

At November 30, 2005 the Company's net deferred income tax asset was $5,972,000, which amount is net of a valuation allowance of $1,892,000.

If in the future a portion or all of the $1,892,000 valuation allowance at November 30, 2005 is no longer deemed to be necessary, reductions of the valuation allowance will decrease the goodwill balance associated with the Solutions Division. Conversely, if in the future the Company were to change its realization probability assessment to less than 50%, the Company would provide an additional valuation allowance for all or a portion of the net deferred income tax asset, which would increase the income tax provision.

Valuation of Long-lived Assets and Goodwill

The Company accounts for long-lived assets other than goodwill in accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment and Disposal of Long Lived Assets" ("SFAS 144"), which supersedes Statement of Financial Accounting Standards No. 121 and certain sections of Accounting Principles Board Opinion No. 30 specific to discontinued operations. SFAS 144 classifies long-lived assets as one of the following: (1) to be held and used; (2) to be disposed of by other than sale; or (3) to be disposed of by sale. This standard introduces a probability-weighted cash flow estimation approach to address situations where alternative courses of action to recover the carrying amount of a long-lived asset are under consideration or a range is estimated for the amount of possible future cash flows. SFAS 144 requires, among other things, that an entity review its long-lived assets and certain related intangibles for impairment whenever changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. This statement has not had a material impact on the Company's financial position or results of operations.

The Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" at the beginning of fiscal 2003. As a result, goodwill is no longer amortized, but is tested for impairment on an annual basis, or more frequently as impairment indicators arise. The test for impairment involves the use of estimates related to the fair values of

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the business operations with which goodwill is associated and is usually based on projected cash flows or a market value approach.

The Company believes the estimate of its valuation of long-lived assets and goodwill is a "critical accounting estimate" because if circumstances arose that led to a decrease in the valuation it could have a material impact on the Company's results of operations.

RESULTS OF OPERATIONS

Effective with the acquisition of Vytek on April 12, 2004, the Company realigned its operations into a divisional structure. The legacy operations of CalAmp, previously segregated into the Satellite and Wireless Access business units, were combined together with Vytek's products manufacturing business into the Products Division. The operations of Vytek, which are principally service oriented, comprise the Company's Solutions Division. The Company's results of operations for the nine months ended November 30, 2004 include the operations of Vytek for 33 weeks.

The Skybility business that was acquired by the Company on April 18, 2005 became the Machine-to-Machine ("M2M") product line within the Products Division and is included in the Company's results of operations for the nine months ended November 30, 2005 for 32 weeks.

The Company's revenue, gross profit and operating income (loss) by business segment are as follows:

REVENUE BY SEGMENT

	Three months ended November 30,				Nine months ended November 30,			
	2005		2004		2005		2004	
Division	$000s	% of Total	$000s	% of Total	$000s	% of Total	$000s	% of Total
Products	$59,565	92.4%	$50,425	88.4%	$153,331	90.4%	$133,980	87.6%
Solutions	4,898	7.6%	6,641	11.6%	16,373	9.6%	18,910	12.4%
Total	$64,463	100.0%	$57,066	100.0%	$169,704	100.0%	$152,890	100.0%

GROSS PROFIT BY SEGMENT

	Three months ended November 30,				Nine months ended November 30,			
	2005		2004		2005		2004	
Division	$000s	% of Total	$000s	% of Total	$000s	% of Total	$000s	% of Total
Products	$14,441	87.7%	$ 8,737	84.8%	$34,975	86.2%	$24,506	84.7%
Solutions	2,023	12.3%	1,562	15.2%	5,602	13.8%	4,418	15.3%
Total	$16,464	100.0%	$10,299	100.0%	$40,577	100.0%	$28,924	100.0%

OPERATING INCOME (LOSS) BY SEGMENT

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Division	Three months ended November 30, 2005 $000s	% of Total Revenue	2004 $000s	% of Total Revenue	Nine months ended November 30, 2005 $000s	% of Total Revenue	2004 $000s	% of Total Revenue
Products	$10,406	16.1%	$ 6,191	10.8%	$23,453	13.8%	$16,861	11.0%
Solutions	(373)	(0.6%)	(2,379)	(4.2%)	(2,029)	(1.2%)	(5,971)	(3.9%)
Corporate expenses	(1,150)	(1.7%)	(947)	(1.6%)	(3,166)	(1.8%)	(2,895)	(1.9%)
Total	$ 8,883	13.8%	$ 2,865	5.0%	$18,258	10.8%	$ 7,995	5.2%

Revenue

Products Division revenue increased $9,140,000, or 18%, to $59,565,000 in the three months ended November 30, 2005 from $50,425,000 for the same period in the previous fiscal year. About $2.9 million or 32% of the increase is attributable to increased sales of DBS products. Sales of M2M products accounted for revenue of $2.5 million or 27% of the increase. The remainder of the increase is attributable to increased sales of other wireless products, primarily radio modules to a legacy customer of Vytek.

For the nine months ended November 30, 2005, Products Division revenue increased $19,351,000, or 14%, over the same period of the prior year. Sales of M2M products accounted for revenue of $6.3 million or 33% of the increase. About $5.2 million of the increase is attributable to increased sales of DBS products. The remainder of the increase is attributable to increased sale of other wireless products, primarily radio modules to the customer referred to above that was acquired in the Vytek purchase.

Revenue of the Solutions Division decreased $1,743,000, or 26%, to $4,898,000 in the three months ended November 30, 2005 from $6,641,000 for the same period in the previous fiscal year. For the nine months ended November 30, 2005, Solutions Division revenue decreased $2,537,000, or 13%, over the same period of the prior year. The revenue decrease is primarily the result of the Company's actions to eliminate lower margin business in the current year in order to reduce operating losses in this division.

Gross Profit and Gross Margins

Products Division gross profit increased $5,704,000, or 65%, which is primarily attributable to the gross margin improvement from 17.3% in last year's third quarter to 24.2% in the latest quarter. The gross margin improvement was mainly due to increased sales of higher-margin products, primarily M2M products, radio modules and latest generation DBS products. The remainder of the gross profit improvement is attributable to the $9,140,000 increase in revenue.

For the nine months ended November 30, 2005, Products Division gross profit increased by $10,469,000, or 43%, from the same period of last year, and gross margin improved from 18.3% to 22.8%, primarily for the reasons explained in the preceding paragraph.

Solutions Division gross profit increased $461,000, or 30%, and gross

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margin improved from 23.5% in the three months ended November 30, 2004 to 41.3% in the latest quarter. For the nine months ended November 30, 2005, Solutions Division gross profit increased $1,184,000, or 27%, from the same period of last year, and gross margin improved from 23.4% to 34.2%. A product mix favoring higher margin software sales resulted in significantly improved gross margin in the three month period ended November 30, 2005. The remainder of the gross profit and gross margin improvement is attributable to actions taken to improve the cost structure and gross margins of the Solutions Division.

See also Note 13 to the accompanying unaudited consolidated financial statements for additional operating data by business segment.

Operating Expenses

Consolidated research and development expense ("R&D") increased by $270,000 to $2,585,000 in the latest quarter from $2,315,000 in the third quarter of last year. The Products Division increased its R&D spending by $570,000 primarily in connection with product development costs relating to the M2M product line that was recently acquired. The Solutions Division reduced its R&D spending by approximately $300,000. For the nine month year-to-date periods, R&D expenses increased $952,000 from $6,190,000 last year to $7,142,000 this year. The increase is primarily attributable to M2M R&D expenses of $1,475,000, partially offset by $742,000 in reduced R&D spending in the Solutions Division.

Consolidated selling expenses increased to $1,914,000 in the latest quarter from $1,847,000 in the third quarter of last year. Although the expense was relatively unchanged between these two periods, the Products Division incurred increased selling expenses of $360,000 and Solutions Division lowered its selling expenses by $293,000 compared to last year. For the nine month year-to-date periods, selling expenses increased $931,000 from $4,651,000 last year to $5,582,000 this year, primarily attributable to the Products Division. The inclusion of M2M selling expenses of $524,000 accounted for more than half of the increase. The Solutions Division incurred increased selling expenses of $256,000.

Consolidated general and administrative expenses ("G&A") decreased 4% to $2,679,000 in the latest quarter from $2,786,000 last year. The decrease is attributable to a reduction of $715,000 in G&A of the Solutions Division, partially offset by an increase in Products Division G&A of approximately $400,000 and higher Corporate (non-division) G&A of approximately $200,000. More than half of the increase in the Products Division and Corporate G&A is attributable to higher payroll related expenses due to new hires and increases in wage rates and incentive compensation. In addition, the Products Division had a gain on sale of assets of $91,000 in the third quarter of last year compared with a loss on sale of assets of $22,000 in the latest quarter. Such gain (loss) amounts on sales of assets are included in G&A expense for financial reporting purposes. For the nine month year-to-date periods, general and administrative expenses decreased $510,000 from $8,410,000 last year to $7,900,000 this year. The decrease is attributable to a reduction of Solutions Division G&A of $1,439,000, partially offset by an increase in Products Division G&A of $658,000 and higher Corporate (non-division) G&A of $271,000, mainly from higher payroll related expenses.

Amortization expense of intangible assets in the three months ended November 30, 2005 and 2004 was $403,000 and $486,000, respectively. The decrease is attributable to certain intangibles assets related to the Vytek acquisition that became fully amortized prior to the latest three-month period. In the nine months ended November 30, 2005 and 2004, amortization expense was $1,375,000 and $1,207,000, respectively. The increase in the

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nine month period is attributable to amortization expense related to the intangible assets arising from the acquisition of the M2M product line.

The in-process research and development ("IPR&D") write-off decreased by $151,000 to $320,000 in the nine months ended November 30, 2005 from $471,000 last year. Last year's IPR&D write-off was related to the acquisition of Vytek and this year's IPR&D write-off was related to the acquisition of Skybility. See also Note 2 to the accompanying unaudited consolidated financial statements for additional information on the Skybility acquisition.

Operating Income

Operating income was $8,883,000 and $2,865,000 in the three months ended November 30, 2005 and 2004, respectively, and $18,258,000 and $7,995,000, respectively in the nine months ended November 30, 2005 and 2004. These results were driven by improved gross margins in both the Products and Solutions Divisions. The Products Division's higher gross profit, as discussed above under the headings "Revenue" and "Gross Profit and Gross Margins", partially offset by the Products Division's higher operating expenses, contributed to the increase in operating income. The Solutions Division also showed an improvement in its operating results in the third quarter, reducing its operating loss by about 84% compared to the same period last year, which is the result of the Company focusing its efforts on higher margin business and changing the division's cost structure, primarily through workforce reductions. Management is closely monitoring the performance of this business unit with the objective of achieving profitable results for the Solutions Division as soon as possible.

Income Tax Provision

The effective income tax rate was 40.0% and 38.4% in the nine months ended November 30, 2005 and 2004, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are its cash and cash equivalents, which amounted to $38,205,000 at November 30, 2005, and its $14 million working capital line of credit with a bank. During the nine months ended November 30, 2005, cash and cash equivalents increased by $7,157,000. This increase consisted of cash provided by operating activities of $14,362,000, proceeds from stock option exercises of $1,282,000 and proceeds from the sale of assets of $143,000, partially offset by cash used for the Skybility acquisition of $4,897,000, cash used for capital expenditures of $1,555,000 and debt repayments of $2,178,000.

At November 30, 2005 the Company had a $14 million working capital line of credit with a commercial bank that matures on August 3, 2007. Borrowings under this line of credit bear interest at LIBOR plus 1.50% or the bank's prime rate, and are secured by substantially all of the Company's assets. At November 30, 2005, $3 million was outstanding on this line of credit which is classified as long-term at that date. Also at that date, $2,974,000 was reserved under the line of credit for outstanding irrevocable stand-by letters of credit. The Company also has two bank term loans which had an aggregate outstanding principal balance of $5,348,000 at November 30, 2005 of which $2,395,000 is classified as current at that date. The bank credit agreement which encompasses the line of credit and the two term loans contains a subjective acceleration clause that enables the bank to call the loans in the event of a material adverse change (as defined in the bank credit agreement) in the Company's business. Based on the Company's history of profitable operations and positive operating cash flow over the past

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several years, and based on the Company's internal financial forecasts for the next several quarters, the Company does not believe it is probable that the bank will assert the material adverse change clause in the next 12 months.

See Note 5 to the accompanying consolidated financial statements for a summary of the Company's contractual cash obligations as of November 30, 2005.

The Company believes that inflation and foreign currency exchange rates have not had a material effect on its operations. The Company believes that fiscal 2006 will not be impacted significantly by foreign exchange since a significant portion of the Company's sales are to U.S. markets, or to international markets where its sales are denominated in U.S. dollars.

FORWARD LOOKING STATEMENTS

Forward looking statements in this Form 10-Q which include, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, intentions, projections and other information regarding future performance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The words "may", "could", "plans", "believes," "anticipates," "expects," and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect the Company's current views with respect to future events and financial performance and are subject to certain risks and uncertainties, including, without limitation, product demand, market growth, new competition, competitive pricing and ongoing pricing declines on existing products in the DBS market, supplier constraints, manufacturing yields, the ability to manage cost increases in inventory materials including raw steel, the timing and market acceptance of new product introductions, new technologies, the Company's ability to eliminate operating losses in its Solutions Division and make this business segment profitable, and other risks and uncertainties that are set forth under the heading "Risk Factors" in the Company's registration statement on Form S-3 (number 333-119858) as filed with the Securities and Exchange Commission on October 20, 2004. Such risks and uncertainties could cause actual results to differ materially from historical results or those anticipated. Although the Company believes the expectations reflected in such forward-looking statements are based upon reasonable assumptions, it can give no assurance that its expectations will be attained. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's financial instruments include cash equivalents, accounts receivable, accounts payable and bank term loans payable. At November 30, 2005, the carrying values of cash equivalents, accounts receivable and accounts payable approximate fair values given the short maturity of these instruments.

The carrying value of bank term loans payable approximates fair value since the interest rates on these loans approximate the interest rates which are currently available to the Company for the issuance of debt with similar provisions and maturities. Based on the amount of bank debt outstanding at November 30, 2005, a change in interest rates of one percent would result in an annual impact of less than $100,000, net of tax, on the Company's consolidated statement of income.

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A portion of the Company's operations consists of an investment in a foreign subsidiary. As a result, the consolidated financial results have been and could continue to be affected by changes in foreign currency exchange rates. However, the Company believes that it does not have material foreign currency exchange rate risk since a significant portion of the Company's sales are to U.S. markets, or to international markets where its sales are denominated in U.S. dollars, and material purchases from foreign suppliers are typically also denominated in U.S. dollars. Additionally, the functional currency of the Company's foreign subsidiary is the U.S. dollar.

It is the Company's policy not to enter into derivative financial instruments for speculative purposes. Furthermore, the Company generally does not enter into foreign currency forward exchange contracts. There are no foreign currency forward exchange contracts outstanding at November 30, 2005.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

The Company's principal executive officer and principal financial officer have concluded, based on their evaluation of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this Report, that the Company's disclosure controls and procedures are effective to ensure that the information required to be disclosed in reports that are filed or submitted under the Exchange Act is accumulated and communicated to management, including the principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure and that such information is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities Exchange Commission.

Internal Control Over Financial Reporting

There has been no change in the Company's internal control over financial reporting that occurred during the Company's most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

(a) CalAmp Corp. and U.S. Bank National Association entered into Amendment Agreement Number Six to Loan and Security Agreement ("Amendment No. 6") dated as of October 25, 2005. Amendment No. 6, attached as Exhibit 10.1 to this report, provides for, among other items, a one year extension of the maturity date of the working capital line of credit to August 3, 2007, an increase in the maximum revolving amount to $14,000,000, lowering of the LIBOR-based interest rate by 0.25%, and deletion of the liquidity requirement which required CalAmp to maintain cash and cash equivalents of at least $8,000,000.

ITEM 6. EXHIBITS

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Exhibit 10.1 - Amendment Agreement Number Six to Loan and Security Agreement dated October 25, 2005 by and between CalAmp Corp. and U.S. Bank National Association (1)

Exhibit 31.1 - Chief Executive Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)

Exhibit 31.2 - Chief Financial Officer Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (1)

Exhibit 32 - Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (1)

(1) Filed herewith.

SIGNATURE

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.

January 5, 2006	/s/ Richard K. Vitelle
Date	Richard K. Vitelle Vice President Finance & CFO (Principal Financial Officer and Chief Accounting Officer)

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EXHIBIT 10.1

AMENDMENT AGREEMENT NUMBER SIX
TO LOAN AND SECURITY AGREEMENT

THIS AMENDMENT AGREEMENT NUMBER SIX TO LOAN AND SECURITY AGREEMENT (this "Sixth Amendment") dated as of October 25, 2005, is entered into by and between CALAMP CORP., a Delaware corporation formerly known as CALIFORNIA AMPLIFIER, INC. ("Borrower") and U.S. Bank National Association, a national banking association ("Bank").

RECITALS

A. Borrower and Bank are parties to that certain Loan and Security Agreement dated as of May 2, 2002, between Borrower and Bank (the "Original Loan and Security Agreement"), as amended by that certain Amendment Agreement Number One to Loan and Security Agreement dated as of April 3, 2003, between Borrower and Bank, that certain Amendment Agreement Number Two to Loan and Security Agreement dated as of July 3, 2003, between Borrower and Bank, that certain Amendment Agreement Number Three to Loan and Security Agreement dated as of January 5, 2004, between Borrower and Bank, that certain Amendment Agreement Number Four to Loan and Security Agreement dated as of February 27, 2004, between Borrower and Bank, and that certain Amendment Agreement Number Five to Loan and Security Agreement dated as of November 23, 2004, between Borrower and Bank (the Original Loan and Security Agreement, as amended, the "Existing Loan and Security Agreement"). The Existing Loan and Security Agreement, as amended and modified by this Sixth Amendment, is referred to hereinafter as the "Loan and Security Agreement." Capitalized terms not defined herein shall have the meanings ascribed to them in the Existing Loan and Security Agreement.

B. Borrower has requested that Bank modify the Existing Loan and Security Agreement to, among other things, extend the maturity date of, and reduce the interest rate applicable to, the loans made pursuant to the Loan and Security Agreement.

C. Bank is willing to so amend the Existing Loan and Security Agreement on the terms and conditions herein.

AGREEMENT

1. RECITALS. The Recitals above are incorporated herein by this reference as if fully set forth herein. Capitalized terms not otherwise defined in the Recitals or otherwise in this Sixth Amendment shall have the meanings ascribed to them in the Existing Loan and Security Agreement.

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2. EXTENSION OF REVOLVING MATURITY DATE. The definition of "Revolving Maturity Date" in Section 1.1 of the Existing Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Revolving Maturity Date" means August 3, 2007.

3. INCREASE OF MAXIMUM REVOLVING AMOUNT. All references in that certain Revolver Note dated as of May 2, 2002, by Borrower in favor of Bank, as amended, to the principal amount thereof, are hereby deleted and replaced with "Fourteen Million and 00/100 Dollars" or "$14,000,000.00," as appropriate. In addition, the definition of "Maximum Revolving Amount" in Section 1.1 of the Existing Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Maximum Revolving Amount" means $14,000,000.00.

4. MODIFICATION OF LIBOR INTEREST RATE PROVISIONS.

Clause (ii) of Section 2.4(a) of the Existing Loan and Security Agreement is deleted in its entirety and replaced with the following:

(ii) upon a minimum of two Business Days prior notice, one and 50/100ths (1.50) percentage points in excess of the 1, 3 or 6 month LIBOR rate with respect to Term Loan A and Term Loan B, as appropriate, and one and 50/100ths (1.50) percentage points in excess of the 1, 3 or 6 month LIBOR rate with respect to Advances, as quoted by Bank from Telerate page 3750 or any successor thereto (which shall be the LIBOR Rate in effect two Business Days prior to the commencement of the portion of the Term Loan A, Term Loan B or the Advance to be subject to the LIBOR Rate (the "LIBOR Rate" and each such portion of Term Loan A, Term Loan B, or the Advance is a "LIBOR Rate Loan").

5. DELETION OF LIQUIDITY REQUIREMENT. Section 7.20(e) of the Existing Loan and Security Agreement (which requires Borrower to maintain Cash and Cash Equivalents of not less than $11,000,000.00, or $8,000,000.00 under certain circumstances), is deleted in its entirety.

6. MODIFICATION OF DEFINITION OF FIXED CHARGE COVERAGE RATIO. The definition of "Fixed Charge Coverage Ratio" contained in Section 1.1 of the Existing Loan and Security Agreement is deleted in its entirety and replaced with the following:

"Fixed Charge Coverage Ratio" means, for a given fiscal period: (a) EBITDAR (EBITDAR means net income, plus interest expense, plus income tax expense, plus depreciation expense, plus amortization expense) minus cash taxes, cash dividends and Maintenance Capital Expenditures divided by (b) the sum of all required principal payments (on short and long term debt and capital leases) and interest expense.

7. DEFINITIONS OF CAPITAL EXPENDITURES AND MAINTENANCE CAPITAL EXPENDITURE. The following definitions of "Capital Expenditures" and "Maintenance Capital Expenditures" are added to Section 1.1 of the Existing

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Loan and Security Agreement:

"Capital Expenditures" means the aggregate amount of all purchases or acquisitions of fixed assets, including real estate, motor vehicles, equipment, fixtures, leases and any other items that would be capitalized on Borrower's books under GAAP. The term "Capital Expenditures" will not include expenditures or charges for the usual and customary maintenance, repair and retooling of any fixed asset, the acquisition of new tooling in the ordinary course of business or fixed asset acquisitions evidenced by a binding purchase order or agreement made prior to the date of this Agreement.

"Maintenance Capital Expenditures" means the dollar amount of Capital Expenditures that are necessary to maintain the current level of revenues. For the purposes of the calculation of Fixed Charge Coverage Ratio, at no time shall the amount of the Capital Expenditures used be less than $1,500,000.00 per fiscal year, prorated evenly over the periods being measured.

8. REPRESENTATIONS, WARRANTIES AND COVENANTS. Before and after giving effect to this Sixth Amendment, the representations and warranties in Section 5 or elsewhere in the Existing Loan and Security Agreement shall be true and correct as though such representations and warranties were made on the date hereof. The execution by the Borrower of this Sixth Amendment shall be deemed a representation that the Borrower has complied with the foregoing condition. In addition, Borrower reaffirms all covenants contained in Sections 6 and 7 or elsewhere in the Existing Loan and Security Agreement (including such covenants as have been amended by this Sixth Amendment) as though such covenants were made on the date hereof. All of the terms of the Existing Loan and Security Agreement, except as expressly amended by this Sixth Amendment, shall remain unchanged and in full force and effect, and the remaking of the representations and warranties, and reaffirmation of the covenants, does not in any way limit the continued applicability of all the provisions of the Existing Loan and Security Agreement, as amended by this Sixth Amendment.

9. CONDITIONS TO EFFECTIVENESS. This Agreement shall become effective upon the execution of this Sixth Amendment by Borrower and Bank and the delivery to Bank of such fully-executed Sixth Amendment on or before October 31, 2005:

10. MISCELLANEOUS.

10.1 Continuing Validity. Except as expressly modified above, the terms of the Existing Loan and Security Agreement and the other Loan Documents shall remain unchanged and in full force and effect. Consent by Bank to this Sixth Amendment does not waive Bank's right to require strict performance of any and all of the documents executed in connection with any credit extended pursuant to the Loan and Security Agreement or the other Loan Documents nor does Bank's consent obligate Bank to make any future modifications. Nothing in this Sixth Amendment shall constitute a satisfaction of the Loan and Security Agreement or any of the Loan Documents

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10.2 Understanding of Borrower.

PRIOR TO SIGNING THIS SIXTH AMENDMENT, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS SIXTH AMENDMENT AND ANY AND ALL RELATED DOCUMENTS.

IN WITNESS WHEREOF, each of Borrower and Bank agree to the terms and conditions of this Sixth Amendment as set forth above.

Borrower:

CALAMP CORP., a Delaware corporation
formerly known as CALIFORNIA AMPLIFIER, INC.

By: /s/ Richard K. Vitelle

Richard K. Vitelle, VP Finance and CFO

Bank:

U.S. BANK NATIONAL ASSOCIATION, a
national banking association

By: /s/ Gregg M. Hessick

Gregg M. Hessick, Vice President

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EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO SARBANES-OXLEY ACT SECTION 302

I, Fred M. Sturm, Chief Executive Officer of CalAmp Corp. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 5, 2006	/s/ Fred M. Sturm
Date	Fred M. Sturm Chief Executive Officer

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EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION
PURSUANT TO SARBANES-OXLEY ACT SECTION 302

I, Richard K. Vitelle, Chief Financial Officer of CalAmp Corp. (the "registrant"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the registrant;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

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5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 5, 2006	/s/ Richard K. Vitelle
Date	Richard K. Vitelle Chief Financial Officer

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EXHIBIT 32

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of CalAmp Corp. (the "Company") on Form 10-Q for the period ended November 30, 2005 as filed with the Securities and Exchange (the "Report"), we, Fred M. Sturm, President and Chief Executive Officer of the Company, and Richard K. Vitelle, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to our knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Fred M. Sturm

Fred M. Sturm
President and Chief Executive Officer

/s/ Richard K. Vitelle

Richard K. Vitelle
Vice President and Chief Financial Officer

January 5, 2006

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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