

Edgar Filing: MESA LABORATORIES INC /CO - Form 10QSB

MESA LABORATORIES INC /CO  
Form 10QSB  
February 14, 2001

Form 10-QSB

U.S. Securities and Exchange Commission

Washington, D.C. 20549

Form 10-QSB

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934

For the quarterly period ended December 31, 2000

OR

TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE  
ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-11740

MESA LABORATORIES, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

COLORADO  
(State or other Jurisdiction of  
Incorporation or Organization)

84-0872291  
(I.R.S. Employer  
Identification No.)

12100 WEST SIXTH AVENUE, LAKEWOOD, COLORADO  
(Address of Principal Executive Offices)

80228  
(Zip Code)

Issuer's telephone number, including area code: (303) 987-8000

Check whether the Issuer (1) filed all reports required to be  
filed by Section 13 or 15 (d) of the Exchange Act, during the past 12  
months and (2) has been subject to the filing requirements for the  
past 90 days. Yes  No .

State the number of shares outstanding of each of the Issuer's  
classes of common stock, as of the latest practicable date:

There were 3,653,315 shares of the Issuer's common stock, no par  
value, outstanding as of December 31, 2000.

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MESA LABORATORIES, INC.  
BALANCE SHEETS  
(UNAUDITED)

ASSETS	DECEMBER 31, 2000	MARCH 31, 2000
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,847,332	\$2,849,709
Accounts Receivable, Net	3,067,520	2,385,803
Inventories	2,374,484	1,961,055
Prepaid Expenses	53,989	38,331
Deferred Income Taxes	101,163	101,163
TOTAL CURRENT ASSETS	8,444,488	7,336,061
PROPERTY, PLANT & EQUIPMENT, NET	1,576,325	1,574,698
OTHER ASSETS		
Intangible Assets, Net	4,311,834	4,623,510
TOTAL ASSETS	\$14,332,647	\$13,534,269
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable	\$ 129,240	\$ 171,974
Accrued Salaries & Payroll Taxes	313,676	323,349
Other Accrued Expenses	204,010	197,108
Taxes Payable	321,679	114,683
TOTAL CURRENT LIABILITIES	968,605	807,114
LONG TERM LIABILITIES		
Deferred Income Taxes Payable	127,691	127,691
STOCKHOLDERS' EQUITY		
Preferred Stock, No Par Value	-	-
Common Stock, No Par Value; authorized 8,000,000 shares; issued and outstanding, 3,653,315 shares (12/31/00) and 3,787,476 shares (3/31/00)	2,402,991	2,687,087
Retained Earnings	10,833,360	9,912,377
TOTAL STOCKHOLDERS' EQUITY	13,236,351	12,599,464
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$14,332,647	\$13,534,269

MESA LABORATORIES, INC.  
STATEMENTS OF OPERATIONS  
(UNAUDITED)

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	Three Months Ended Dec. 31, 2000	Three Months Ended Dec. 31, 1999
Sales	\$2,010,386	\$2,277,250
Cost of Goods Sold	721,515	735,313
Selling, General & Administrative	611,497	734,803
Research and Development	77,683	73,714
Other (Income) and Expenses	(45,909)	(60,438)
	1,364,786	1,483,392
Earnings Before Income Taxes	645,600	793,858
Income Taxes	237,000	280,228
Net Income	\$ 408,600	\$ 513,630
Net Income Per Share (Basic)	\$ .11	\$ .14
Net Income Per Share (Diluted)	\$ .11	\$ .14
Average Common Shares Outstanding (Basic)	3,671,000	3,739,000
Average Common Shares Outstanding (Diluted)	3,725,000	3,753,000

MESA LABORATORIES, INC.  
STATEMENTS OF OPERATIONS  
(UNAUDITED)

	Nine Months Ended Dec. 31, 2000	Nine Months Ended Dec. 31, 1999
Sales	\$6,616,902	\$5,946,332

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Cost of Goods Sold	2,427,978	2,051,404
Selling, General & Administrative	1,880,903	1,766,492
Research and Development	203,430	204,617
Other (Income) and Expenses	(117,358)	(193,198)
	4,394,953	3,829,315
Earnings Before Income Taxes	2,221,949	2,117,017
Income Taxes	784,693	743,228
Net Income	\$1,437,256	\$1,373,789
Net Income Per Share (Basic)	\$ .39	\$ .36
Net Income Per Share (Diluted)	\$ .38	\$ .36
Average Common Shares Outstanding (Basic)	3,722,000	3,833,000
Average Common Shares Outstanding (Diluted)	3,751,000	3,861,000

MESA LABORATORIES, INC.  
STATEMENTS OF CASH FLOWS  
(UNAUDITED)

	Dec. 31, 2000	Nine Months Ended Dec. 31, 1999	Nine Months Ended
Cash Flows From Operating Activities:			
Net Income	\$1,437,256	\$1,373,789	
Depreciation and Amortization	390,103	201,943	
Change in Assets and Liabilities-			
(Increase) Decrease in Accounts Receivable	(681,717)	(489,315)	

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(Increase) Decrease in Inventories	(413,429)	(372,046)
(Increase) Decrease in Prepaid Expenses	(15,658)	(14,194)
Increase (Decrease) in Accounts Payable	(42,734)	148,007
Increase (Decrease) in Accrued Liabilities	204,225	94,159
Net Cash (Used) Provided by Operating Activities	878,046	942,343
 Cash Flows From Investing Activities:		
(Increase) Decrease in Intangible Assets	-	(4,024,546)
Capital Expenditures, Net of Retirements	(80,053)	(43,303)
Net Cash (Used) Provided by Investing Activities	(80,053)	(4,067,849)
 Cash Flows From Financing Activities:		
Stock Issued for Acquisitions	-	387,500
Treasury Stock Purchases	(814,312)	(1,829,905)
Proceeds From Stock Options Exercised	13,942	71,334
Net Cash (Used) Provided by Financing Activities	(800,370)	(1,371,071)
 Net Increase (Decrease) In Cash and Equivalents	 (2,377)	 (4,496,577)
 Cash and Cash Equivalents at Beginning of Period	 2,849,709	 6,675,417
 Cash and Cash Equivalents at End of Period	 \$2,847,332	 \$2,178,840

MESA LABORATORIES, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2000 AND 1999

### NOTE A. SUMMARY OF ACCOUNTING POLICIES

The summary of the Issuer's significant accounting policies is incorporated by reference to the Company's annual report on Form 10KSB, at March 31, 2000.

The accompanying unaudited condensed financial statements reflect all adjustments, which, in the opinion of management, are necessary for a fair presentation of the results of operations, financial position and cash flows. The results of the interim period are not necessarily indicative of the results for the full year.

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

#### LIQUIDITY AND CAPITAL RESOURCES

On December 31, 2000, the Company had cash and short term investments of \$2,847,332. In addition, the Company had other current assets totaling \$5,597,156 and total current assets of \$8,444,488. Current liabilities of Mesa Laboratories, Inc. were \$968,605 which resulted in a current ratio of 8.7:1.

The Company has made net capital asset purchases of \$80,053 for the fiscal year-to-date.

The Company has instituted a program to repurchase up to 500,000 shares of its outstanding common stock. Under the plan, the shares may be purchased from time to time in the open market at prevailing prices or in negotiated transactions off the market. Shares purchased will be canceled and repurchases will be made with existing cash reserves. During the first nine months of the current fiscal year, the Company repurchased 157,051 shares of its outstanding common stock.

#### RESULTS OF OPERATIONS

##### REVENUE

Net sales for the nine months ended December 31, 2000 increased \$670,570 or 11% to \$ 6,616,902 from the \$5,946,332 net sales level achieved for the same nine month period last year. Net sales for the quarter decreased \$266,864 or 12% to \$2,010,386 from the \$2,277,250 net sales level achieved in the same quarter last year. For the first nine months, Medical products increased over 100% which was off-set by 24% decreases in Nusonics and Datatrace sales. The Medical products sales increase was attributable to the addition of the Automata product line. Nusonics products continued its downward trend for the first nine months. The Datatrace line suffered a decrease of 24% during the first nine months. This decline was attributable to a decrease in international sales when compared to the same period last year. In total, third fiscal quarter sales were affected by production delays due to parts shortages. At quarter end, the Company was carrying a backlog of over \$400,000 which was more than double normal levels.

##### COST OF GOODS SOLD

Cost of goods sold for the first nine months as a percent of net sales was 37% which represents a 3% increase from the 34% level for the same nine month period last year. Cost of goods sold for the current quarter as a percent of net sales was 36%, representing a 4% increase compared to the 32% level in the same quarter last year. The increase realized during the first nine months of fiscal 2001 was attributable to changing mix of products sold due to the addition of the new Automata products and increasing sales of Reprocessing products.

##### SELLING, GENERAL AND ADMINISTRATIVE

Selling, general and administrative expenses for the first nine

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months increased 6% or \$114,411 to \$1,880,903 from \$1,766,492 in the same period last year.

For the current quarter, selling, general and administrative expenses totaled \$611,497, which was down 17% or \$123,306 from \$734,803 expended in the same quarter one year ago. For the first nine months, marketing expenses accounted for a decrease of less than one percent with Medical marketing expenses gaining 58% from the prior year and Nusonics marketing expenses decreasing over 37%. The increased marketing expense for the Medical products can be attributed to increased advertising, compensation and telephone costs in marketing its new Automata products and is lower than the rate of increase in Medical sales dollars. Decreased Nusonics marketing expenses are attributed to lower commission and advertising costs. For the first nine months, Datatrace marketing costs decreased 13%. Administration costs for the first nine months increased 14% due to increased amortization and consultant expense associated with the acquisition of Automata Instrumentation, Inc.

### RESEARCH AND DEVELOPMENT

Research and development for the first nine months decreased to \$203,430 from \$204,617 which represents a decrease of less than 1% from the same period last year. Research and development for the quarter was \$77,683 which represents an increase of \$3,969 or 5% from the \$73,714 level expensed in the same quarter last year. During the first nine months of fiscal 2001, the change in research and development costs was negligible. For the third fiscal quarter, spending increased due mainly to increased labor costs for prototype development of the Company's new Datatrace logging products.

### NET INCOME

Net income for the nine months ended December 31, 2000 increased 5% to \$1,437,256 or \$.38 per share from \$1,373,789 or \$.36 per share last year. Net income for the quarter was \$408,600 or \$.11 per share compared to net income of \$513,630 or \$.14 per share in the same quarter last year. During the first nine months, net income increased due chiefly to increased revenue levels. This increase for the periods was partially off-set by higher amortization costs and lower interest income due to the acquisition of Automata Instrumentation, Inc. For the fiscal third quarter, net income decreased due chiefly to lower revenue levels.

### PART II-OTHER INFORMATION

None.

MESA LABORATORIES, INC.

DECEMBER 31, 2000

SIGNATURES

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

MESA LABORATORIES, INC.  
(Issuer)

DATED: 2/14/01 BY: /s/ Luke R. Schmieder  
. Luke R. Schmieder  
President, Chief Executive  
Officer, Treasurer and Director

DATED: 2/14/01 BY: /s/ Steven W. Peterson  
. Steven W. Peterson  
Vice President-Finance, Chief  
Financial and Accounting  
Officer and Secretary

[ARTICLE] 5

[PERIOD-TYPE]	9-MOS	
[FISCAL-YEAR-END]		MAR-31-2001
[PERIOD-END]		DEC-31-2000
[CASH]		2,847,332
[SECURITIES]		0
[RECEIVABLES]		3,077,520
[ALLOWANCES]		(10,000)
[INVENTORY]		2,374,484
[CURRENT-ASSETS]		8,444,488
[PP&E]		2,968,379
[DEPRECIATION]		(1,386,054)
[TOTAL-ASSETS]		14,332,647
[CURRENT-LIABILITIES]		968,605
[BONDS]		0
[PREFERRED-MANDATORY]		0
[PREFERRED]		0
[COMMON]		2,402,991
[OTHER-SE]		10,833,360
[TOTAL-LIABILITY-AND-EQUITY]		14,332,647
[SALES]		6,616,902
[TOTAL-REVENUES]		6,616,902
[CGS]		2,427,978
[TOTAL-COSTS]		4,512,311
[OTHER-EXPENSES]		0
[LOSS-PROVISION]		0
[INTEREST-EXPENSE]		0
[INCOME-PRETAX]		2,221,949
[INCOME-TAX]		784,693
[INCOME-CONTINUING]		1,437,256
[DISCONTINUED]		0
[EXTRAORDINARY]		0
[CHANGES]		0
[NET-INCOME]		1,437,256
[EPS-BASIC]		.39
[EPS-DILUTED]		.38



