

ULTRALIFE CORP
Form 10-Q
May 09, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

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 000-20852

ULTRALIFE CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

16-1387013
(I.R.S. Employer Identification No.)

2000 Technology Parkway, Newark, New York 14513
(Address of principal executive offices)
(Zip Code)

(315) 332-7100
(Registrant's telephone number, including area code)

(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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such

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files). Yes..X... No.....

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company..X..

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

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

Common stock, \$.10 par value – 17,458,977 shares of common stock outstanding, net of 1,372,757 treasury shares, as of May 2, 2013.

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

ULTRALIFE CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in Thousands, Except Per Share Amounts)

| ASSETS | (Unaudited) March 31, 2013 | December 31, 2012 |
|--|----------------------------------|----------------------|
| Current assets: | | |
| Cash and cash equivalents | \$ 8,486 | \$ 9,656 |
| Restricted cash | 422 | 422 |
| Trade accounts receivable (less allowance for doubtful accounts of \$280 at March 31, 2013 and \$322 at December 31, 2012) | 17,280 | 20,913 |
| Inventories | 28,281 | 30,370 |
| Due from insurance company | 696 | 723 |
| Deferred tax asset - current | 181 | 120 |
| Income taxes receivable | 118 | 28 |
| Prepaid expenses and other current assets | 1,575 | 1,590 |
| Total current assets | 57,039 | 63,822 |
| Property, plant and equipment, net | 11,778 | 12,415 |
| Other assets: | | |
| Goodwill | 16,357 | 16,344 |
| Intangible assets, net | 4,942 | 5,039 |
| Security deposits and other long-term assets | 2,126 | 98 |
| | 23,425 | 21,481 |
| Total Assets | \$ 92,242 | \$ 97,718 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|------------------------------------|---------------|---------------|
| Current liabilities: | | |
| Current portion of debt | \$ - | \$ - |
| Accounts payable | 8,710 | 11,357 |
| Income taxes payable | 2 | 2 |
| Deferred tax liability - current | 73 | - |
| Other current liabilities | 4,997 | 8,533 |
| Total current liabilities | 13,782 | 19,892 |
| Long-term liabilities: | | |
| Deferred tax liability - long-term | 4,297 | 4,160 |
| Other long-term liabilities | 209 | 210 |
| Total long-term liabilities | 4,506 | 4,370 |

Commitments and contingencies (Note 10)

Shareholders' equity:

Ultralife equity:

| | | |
|---|-----------|-----------|
| Preferred stock, par value \$0.10 per share, authorized 1,000,000 shares; none issued and outstanding | - | - |
| Common stock, par value \$0.10 per share, authorized 40,000,000 shares; issued - 18,831,734 at March 31, 2013 and 18,828,734 at December 31, 2012 | 1,886 | 1,886 |
| Capital in excess of par value | 173,993 | 173,791 |
| Accumulated other comprehensive loss | (747) | (620) |
| Accumulated deficit | (93,449) | (93,878) |
| | 81,683 | 81,179 |
| Less --Treasury stock, at cost -- 1,372,757 shares at March 31, 2013 and 1,372,757 shares at December 31, 2012 outstanding | 7,658 | 7,658 |
| Total Ultralife equity | 74,025 | 73,521 |
| Noncontrolling interest | (71) | (65) |
| Total shareholders' equity | 73,954 | 73,456 |
| Total Liabilities and Shareholders' Equity | \$ 92,242 | \$ 97,718 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ULTRALIFE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In Thousands, Except Per Share Amounts)
(unaudited)

| | Three-Month Periods Ended | |
|--|------------------------------|------------------|
| | March 31, 2013 | April 1, 2012 |
| Revenues | \$ 21,019 | \$ 27,501 |
| Cost of products sold | 14,640 | 20,908 |
| Gross profit | 6,379 | 6,593 |
| Operating expenses: | | |
| Research and development (including \$56 and \$65, respectively, of amortization of intangible assets) | 1,369 | 2,139 |
| Selling, general, and administrative (including \$45 and \$60, respectively, of amortization of intangible assets) | 4,635 | 5,743 |
| Total operating expenses | 6,004 | 7,882 |
| Operating income (loss) | 375 | (1,289) |
| Other income (expense): | | |
| Interest income | 2 | 1 |
| Interest expense | (90) | (104) |
| Miscellaneous | (25) | 52 |
| Income (loss) from continuing operations before income taxes | 262 | (1,340) |
| Income tax provision-current | 38 | 79 |
| Income tax provision-deferred | 60 | 12 |
| Total income taxes provision | 98 | 91 |
| Net income (loss) from continuing operations | 164 | (1,431) |
| Discontinued operations: | | |
| Income (loss) from discontinued operations, net of tax | 264 | (71) |
| Net income (loss) | 428 | (1,502) |
| Net (income) loss attributable to noncontrolling interest | 6 | - |
| Net income (loss) attributable to Ultralife | \$ 434 | \$ (1,502) |
| Other comprehensive income (loss): | | |
| Foreign currency translation adjustments | (127) | 148 |

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| | | |
|---|---------|-------------|
| Comprehensive income (loss) attributable to Ultralife | \$ 307 | \$ (1,354) |
| Net income (loss) attributable to Ultralife common shareholders - basic | | |
| Continuing operations | \$ 0.01 | \$ (0.08) |
| Discontinued operations | \$ 0.02 | \$ (0.01) |
| Total | \$ 0.02 | \$ (0.09) |
| Net income (loss) attributable to Ultralife common shareholders - diluted | | |
| Continuing operations | \$ 0.01 | \$ (0.08) |
| Discontinued operations | \$ 0.02 | \$ (0.01) |
| Total | \$ 0.02 | \$ (0.09) |
| Weighted average shares outstanding - basic | | |
| Weighted average shares outstanding - basic | 17,457 | 17,358 |
| Weighted average shares outstanding - diluted | 17,478 | 17,358 |

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these statements.

ULTRALIFE CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

(unaudited)

| | Th Per Mar 31 201 |
|---|-------------------------------|
| OPERATING ACTIVITIES | |
| Net income (loss) | \$434 |
| Loss (gain) from discontinued operations, net of tax | (26) |
| Adjustments to reconcile net income (loss) from continuing operations to net cash provided from operating activities: | |
| Depreciation and amortization of financing fees | 856 |
| Amortization of intangible assets | 101 |
| (Gain) loss on long-lived asset disposal and write-offs | - |
| Foreign exchange gain | 23 |
| Non-cash stock-based compensation | 190 |
| Changes in deferred income taxes | 148 |
| Changes in operating assets and liabilities: | |
| Accounts receivable | 3,6 |
| Inventories | 252 |
| Income taxes receivable | (90) |
| Prepaid expenses and other assets | (2,0 |
| Insurance receivable relating to fires | 30 |
| Accounts payable and other liabilities | (2,9 |
| Net cash provided from (used in) operating activities from continuing operations | 297 |
| Net cash provided from operating activities from discontinued operations | (99 |
| Net cash provided from (used in) operating activities | (70 |
| INVESTING ACTIVITIES | |
| Purchase of property and equipment | (33 |
| Net cash used in investing activities from continuing operations | (33 |
| Net cash provided from investing activities from discontinued operations | - |
| Net cash used in investing activities | (33 |
| FINANCING ACTIVITIES | |
| Net change in revolving credit facility | |