

INVISION TECHNOLOGIES INC
Form 10-Q
August 15, 2001

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 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 July 1, 2001 or

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: 0-28236

INVISION TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

94-3123544

(State or other jurisdiction of incorporation or organization)

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

7151 Gateway Boulevard, Newark, CA

94560

(Address of principal executive offices)

(zip code)

(510) 739-2400

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

On July 29, 2001, there were 13,015,405 shares of the Registrant's Common Stock outstanding.

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* December 31, 2000 consolidated balance sheet is derived from the audited financial statements included within the Company's Form 10-K filed on March 29, 2001.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

InVision Technologies, Inc.
Consolidated Balance Sheets
(In thousands, except per share data)
(Unaudited)

	July 1, 2001	December 31, 2000
	<u> </u>	<u> </u>
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,981	\$ 11,908
Accounts receivable, net	25,347	22,547
Inventories	24,144	20,207
Other current assets	3,411	2,977
	<u> </u>	<u> </u>
Total current assets	61,883	57,639
Property and equipment, net	6,363	6,741
Intangible assets, net	4,037	4,412
Other assets	567	540
	<u> </u>	<u> </u>
Total assets	\$ 72,850	\$ 69,332
	<u> </u>	<u> </u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,859	\$ 5,353
Accrued liabilities	10,804	11,213
Deferred revenue	1,574	2,107
Short-term debt	4,730	890
Current maturities of long-term obligations	284	404
	<u> </u>	<u> </u>
Total current liabilities	23,251	19,967
	<u> </u>	<u> </u>
Long-term obligations	782	1,861
	<u> </u>	<u> </u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, no par value, 5,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, \$0.001 par value, 20,000,000 shares authorized; 13,015,000 and 12,613,000 shares issued and outstanding	13	13
Additional paid-in capital	60,751	59,671
Accumulated deficit	(10,748)	(10,981)

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Treasury stock, at cost (201,000 shares)		(1,199)	(1,199)
Total stockholders' equity		48,817	47,504
Total liabilities and stockholders' equity	\$	72,850	\$ 69,332

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

InVision Technologies, Inc.
Consolidated Statements of Operations
(In thousands, except per share data)
(Unaudited)

	Three Months Ended		Six Months Ended	
	July 1, 2001	July 2, 2000	July 1, 2001	July 2, 2000
Revenues:				
Product revenues	\$ 10,587	\$ 11,674	\$ 21,808	\$ 25,788
Service revenues	2,847	2,596	5,404	4,996
Government contract revenues	3,966	2,712	7,685	4,877
Total revenues	17,400	16,982	34,897	35,661
Cost of revenues:				
Product costs	6,941	8,044	13,356	17,716
Service costs	1,866	1,808	3,699	3,485
Government contract costs	3,256	1,908	6,077	3,479
Total cost of revenues	12,063	11,760	23,132	24,680
Gross profit	5,337	5,222	11,765	10,981
Operating expenses:				
Research and development	1,907	2,563	4,757	4,945
Selling, general and administrative	3,141	4,386	6,611	8,758
Total operating expenses	5,048	6,949	11,368	13,703
Income (loss) from operations	289	(1,727)	397	(2,722)
Interest expense	(83)	(39)	(148)	(88)
Interest and other income, net	-	101	105	485

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Income (loss) before provision for income taxes	206	(1,665)	354	(2,325)
Provision for income taxes	62	-	121	-
Net income (loss)	\$ 144	\$ (1,665)	\$ 233	\$ (2,325)
Net Income (loss) per share:				
Basic	\$ 0.01	\$ (0.14)	\$ 0.02	\$ (0.19)
Diluted	\$ 0.01	\$ (0.14)	\$ 0.02	\$ (0.19)
Weighted average shares outstanding:				
Basic	12,932	12,290	12,784	12,249
Diluted	13,835	12,290	13,789	12,249

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

InVision Technologies, Inc.
Consolidated Statements of Cash Flow
(In thousands)
(Unaudited)

	Six Months Ended	
	July 1, 2001	July 2, 2000
Cash flow from operating activities:		
Net income (loss)	\$ 233	\$ (2,325)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Depreciation and amortization	1,407	1,433
Amortization of capitalized software development costs	70	80
Amortization of intangible assets	383	207
Loss (gain) on disposal of fixed assets	(7)	3
Bad debt expense	45	108
Stock compensation expense	-	31
Changes in operating assets and liabilities:		
Accounts receivable	(2,845)	(1,963)
Inventories	(3,937)	(5,840)
Other current assets	(534)	704
Other noncurrent assets	(21)	(15)
Accounts payable	506	(412)
Accrued liabilities	(225)	1,955
Deferred revenues	(531)	(639)

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Other long-term obligations	31	55
Net cash used in operating activities	\$ (5,425)	\$ (6,618)
Cash flow from investing activities:		
Purchases of property and equipment	(1,006)	(818)
Proceeds from sale of short-term investments, net	-	5,887
Purchase of subsidiary, net of cash acquired	(267)	(1,510)
Net cash provided by (used in) investing activities	(1,273)	3,559
Cash flow from financing activities:		
Proceeds from short-term debt, net	3,840	-
Repayments of long-term debt	(216)	(216)
Proceeds from issuance of common stock	147	501
Net cash provided by financing activities	3,771	285
Net change in cash and cash equivalents for the period	(2,927)	(2,774)
Cash and cash equivalents at beginning of period	11,908	18,282
Cash and cash equivalents at end of period	\$ 8,981	\$ 15,508

Supplemental disclosures of cash flow information:

Interest paid	\$ 104	\$ 66
Income taxes paid	\$ 442	\$ 185

Supplemental disclosures of noncash investing and financing activities:

Issuance of common stock in connection with acquisition of subsidiary	\$ 933	\$ -
Liabilities assumed in acquisition of subsidiary	\$ -	\$ 2,881
Stock payable in connection with acquisition of subsidiary	\$ -	\$ 2,775

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

InVision Technologies, Inc.
Notes to Consolidated Financial Statements
(Unaudited)

1. Summary of Significant Accounting Policies

Interim Unaudited Financial Information

The accompanying interim unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (generally accepted accounting principles) and with the instructions to Form 10 Q and Rule 10 01 of Regulation S X. Accordingly, they do not contain all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation. These financial statements should be read in conjunction with the audited consolidated financial statements of InVision Technologies, Inc. and its subsidiaries (the

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Company) as of December 31, 2000 and 1999 and for each of the three years in the period ended December 31, 2000, including the notes thereto, included in the Company s Annual Report on Form 10-K.

Operating results for the three and six month periods ended July 1, 2001 may not necessarily be indicative of the results that may be expected for the year ended December 31, 2001 or any other future period.

Certain prior period amounts have been reclassified to conform to the current period presentation.

Net Income (Loss) Per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted-average common shares outstanding for the period. Diluted earnings per share reflects the weighted-average common shares outstanding plus the potential effect of dilutive securities or contracts which are convertible to common shares such as options, warrants, convertible debt and preferred stock (using the treasury stock method) and shares issuable in future periods.

The following is a reconciliation between the components of the basic and diluted net income (loss) per share calculations for the periods presented below (in thousands, except per share data):

					Three Months Ended		Six Months Ended					
					July 1, 2001		July 2, 2000		July 1, 2001		July 2, 2000	
		Per				Per			Per			Per
Income	Shares	Amount	Income	Shares	Income	Shares	Income	Shares	Income	Shares	Income	Shares
(Loss)			(Loss)		(Loss)		(Loss)		(Loss)		(Loss)	