

PEAK INTERNATIONAL LTD
Form 10-Q
November 15, 2004

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 September 30, 2004

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 0-29332

PEAK INTERNATIONAL LIMITED

(Exact Name of Registrant as Specified in its Charter)

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Incorporated in Bermuda with limited liability
(State or other jurisdiction of

incorporation or organization)

44091 Nobel Drive, P.O. Box 1767, Fremont, California
(Address of principal executive offices)

None
(I.R.S. Employer

Identification Number)

94538
(Zip Code)

(510) 449-0100

(Registrant's telephone number)

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of November 11, 2004

<u>Class</u>	<u>Outstanding at November 11, 2004</u>
Common Stock, \$0.01 Par Value	12,408,166

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Statements of Operations

(in thousands of United States Dollars, except share and per share data)

	Three Months Ended September 30,			
	2004		2003	
	(Unaudited)		(Unaudited)	
Net Sales	\$ 16,787	100.0%	\$ 15,224	100.0%
Cost of Goods Sold (Note 2)	13,989	83.3%	11,366	74.7%
Gross Profit	2,798	16.7%	3,858	25.3%
Selling and Marketing (Note 3)	3,036	18.1%	2,810	18.5%
General and Administrative	1,671	10.0%	1,681	11.0%
Research and Development	39	0.2%	61	0.4%
Loss from operations	(1,948)	(11.6)%	(694)	(4.6)%
Other Income (Expenses) net	(84)	(0.5)%	63	0.4%
Interest Income	44	0.3%	38	0.3%
Loss Before Income Taxes	(1,988)	(11.8)%	(593)	(3.9)%
Income Tax (Expense) Benefit (Note 4)	491	2.9%	(6)	(0.0)%
Net Loss	\$ (1,497)	(8.9)%	\$ (599)	(3.9)%
LOSS PER SHARE (Note 9)				
Basic	\$ (0.12)		\$ (0.05)	
Diluted	\$ (0.12)		\$ (0.05)	
Weighted Average Number of Shares Outstanding				
Basic	12,396,000		12,075,000	
Diluted	12,396,000		12,075,000	

(See accompanying notes to Unaudited Condensed Consolidated Financial Statements)

Condensed Consolidated Statements of Operations

(in thousands of United States Dollars, except share and per share data)

	Six Months Ended September 30,			
	2004		2003	
	(Unaudited)		(Unaudited)	
Net Sales	\$ 34,581	100.0%	\$ 30,286	100.0%
Cost of Goods Sold (Note 2)	26,463	76.5%	21,951	72.5%
Gross Profit	8,118	23.5%	8,335	27.5%
Selling and Marketing (Note 3)	6,184	17.9%	5,592	18.5%
General and Administrative	3,374	9.8%	3,223	10.6%
Research and Development	85	0.2%	104	0.3%
Loss from operations	(1,525)	(4.4)%	(584)	(1.9)%
Other Income (Expenses) net	(164)	(0.5)%	4	0.0%
Interest Income	77	0.2%	88	0.3%
Loss Before Income Taxes	(1,612)	(4.7)%	(492)	(1.6)%
Income Tax (Expense) Benefit (Note 4)	439	1.3%	(185)	(0.6)%
Net Loss	\$ (1,173)	(3.4)%	\$ (677)	(2.2)%
LOSS PER SHARE (Note 9)				
Basic	\$ (0.09)		\$ (0.06)	
Diluted	\$ (0.09)		\$ (0.06)	
Weighted Average Number of Shares Outstanding				
Basic	12,379,000		12,208,000	
Diluted	12,379,000		12,208,000	

(See accompanying notes to Unaudited Condensed Consolidated Financial Statements)

Condensed Consolidated Balance Sheets

(in thousands of United States Dollars, except share and per share data)

	September 30, 2004	March 31, 2004
	(Unaudited)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 20,433	\$ 20,303
Accounts receivable net of allowance for doubtful accounts of \$228 at September 30, 2004 and \$237 at March 31, 2004	12,537	12,393
Inventories (Note 5)	13,420	13,547
Other receivables, deposits and prepayments	1,260	1,050
Income taxes receivable (Note 6)	26	
Total Current Assets	47,676	47,293
Asset to be disposed of by sale (Note 15)	5,230	5,230
Property, Plant and Equipment net	28,314	28,246
Land Use Right	752	761
Deposits for Acquisition of Property, Plant and Equipment	35	969
Income taxes receivable (Note 6)		5,085
Other deposit (Note 7)	301	301
TOTAL ASSETS	\$ 82,308	\$ 87,885
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities:		
Accounts payable		
-Trade	\$ 5,659	\$ 4,436
-Property, plant and equipment	226	628
Accrued payroll and employee benefits	1,615	1,480
Accrued other expenses	1,134	1,168
Income taxes payable	242	5,858
Total Current Liabilities	8,876	13,570
Deferred Income Taxes	1,572	1,670
Total Liabilities	10,448	15,240
Commitments and Contingencies (Note 13)		
Shareholders' Equity:		
Common stock, \$0.01 par value; authorized 100,000,000 shares; issued and outstanding 12,397,216 shares at September 30, 2004, and 12,312,691 shares at March 31, 2004	124	123
Additional paid-in capital	27,048	26,702
Retained earnings	45,849	47,022
Accumulated other comprehensive loss	(1,161)	(1,202)
Total shareholders' equity	71,860	72,645
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 82,308	\$ 87,885

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(See accompanying notes to Unaudited Condensed Consolidated Financial Statements)

Condensed Consolidated Statements of Cash Flows

(in thousands of United States Dollars)

	Six Months Ended	
	September 30,	
	2004	2003
	(Unaudited)	(Unaudited)
Operating activities:		
Net loss	\$ (1,173)	\$ (677)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,384	3,115
Deferred income taxes	(98)	121
Loss on disposal/write-off of property, plant and equipment	82	489
Allowance for doubtful accounts	(9)	(41)
Changes in operating assets and liabilities:		
Accounts receivable	(135)	(379)
Inventories	127	250
Other receivables, deposits and prepayments	(210)	(199)
Income taxes receivable	5,059	(686)
Accounts payable-trade	1,223	374
Accrued payroll, employee benefits and other expenses	101	252
Income taxes payable	(5,616)	61
Net cash provided by operating activities	2,735	2,680
Investing activities:		
Acquisition of property, plant and equipment	(3,927)	(3,077)
Proceeds on disposal of property, plant and equipment	12	12
Decrease /(increase) in deposits for acquisition of property, plant and equipment	934	(56)
Net cash used in investing activities	(2,993)	(3,121)
Financing activities:		
Proceeds from issuance of common stock	347	474
Payment for repurchase of common stock		