

AMERICAN TECHNICAL CERAMICS CORP
Form 10-Q
February 14, 2002

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 DECEMBER 31, 2001

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 1-9125

AMERICAN TECHNICAL CERAMICS CORP.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

17 Stepar Place, Huntington Station, NY

(Address of principal executive offices)

(631) 622-4700

(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

As of February 4, 2002, the Registrant had outstanding 8,057,818 shares of Common Stock, par value \$.01 per share.

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 (in thousands, except per share data)

	DEC. 31, 2001

ASSETS	(unaudited)
Current Assets	
Cash (including cash equivalents of \$447 and \$552, respectively)	\$ 4,123
Investments	3,000
Accounts receivable, net	5,658
Inventories	23,651
Deferred income taxes, net	1,722
Other current assets	1,180

TOTAL CURRENT ASSETS	39,334

Property, plant and equipment, net of accumulated depreciation and amortization of \$30,026 and \$27,639, respectively	31,367
Other assets, net	182

TOTAL ASSETS	\$70,883
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Current portion of long-term debt	\$ 978
Accounts payable	1,064
Accrued expenses	3,290
Income taxes payable, net	350

TOTAL CURRENT LIABILITIES	5,682

Long-term debt, net of current portion	6,808
Deferred income taxes	2,894

TOTAL LIABILITIES	15,384

Commitments and Contingencies	
Stockholders' Equity	
Common Stock -- \$.01 par value; authorized 20,000 shares; issued 8,482 and 8,451 shares, respectively	85
Capital in excess of par value	11,530
Retained earnings	45,674
Accumulated other comprehensive income (loss):	
Unrealized gain on investments available-for-sale, net	26
Cumulative foreign currency translation adjustment	(227)

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

	(201)

Less: Treasury stock, at cost (427 and 444 shares, respectively)	1,418
Deferred compensation	171

TOTAL STOCKHOLDERS' EQUITY	55,499

	\$ 70,883
	=====

See accompanying notes to unaudited consolidated financial statements.

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except per share data)

	For the Quarter Ended Dec. 31,	
	2001	2000
	----	----
Net sales	\$ 11,582	\$ 21,326
Cost of sales	9,246	12,468
	-----	-----
Gross profit	2,336	8,858
	-----	-----
Selling, general and administrative expenses	3,135	3,982
Research and development expenses	833	1,089
	-----	-----
Operating expenses	3,968	5,071
	-----	-----
(Loss)/ Income from operations	(1,632)	3,787
	-----	-----
Other (income) expense:		
Interest expense	130	143
Interest income	(76)	(90)
Other	(113)	(28)
	-----	-----
	(59)	25

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

	-----	-----
(Loss)/ Income before provision for income taxes	(1,573)	3,762
Provision for income taxes	(535)	1,317
	-----	-----
Net (loss)/ income	\$ (1,038)	\$ 2,445
	=====	=====
	-----	-----
Basic net (loss)/ income per common share	\$ (0.13)	\$ 0.31
	=====	=====
	-----	-----
Diluted net (loss)/ income per common share	\$ (0.13)	\$ 0.30
	=====	=====
	-----	-----
Basic weighted average common shares outstanding	8,047	7,952
	=====	=====
	-----	-----
Diluted weighted average common shares outstanding	8,047	8,292
	=====	=====

See accompanying notes to unaudited consolidated financial statements.

- 3 -

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

		For the Six 2001

		(I
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (Loss)/ income		\$ (740)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		2,614
Loss on disposal of fixed assets		19
Stock award compensation expense		192
Realized gain on sale of investments		(109)
Changes in operating assets and liabilities:		
Accounts receivable		5,872
Inventories		917
Other assets		126
Accounts payable and accrued expenses		(3,636)
Income taxes payable		(1,361)

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

Net cash provided by operating activities	3,894
<hr/>	
CASH FLOWS FROM INVESTING ACTIVITIES:	
Capital expenditures	(1,925)
Purchase of investments	(1,053)
Proceeds from sale of investments	1,635
Proceeds from sale of fixed assets	26
<hr/>	
Net cash used in investing activities	(1,317)
<hr/>	
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of debt	(302)
Proceeds from the exercise of stock options	132
Proceeds from issuance of debt	---
<hr/>	
Net cash (used in) provided by financing activities	(170)
<hr/>	
Effect of exchange rate changes on cash	57
<hr/>	
Net increase/ (decrease) in cash and cash equivalents	2,464
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,659
<hr/>	
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 4,123
<hr/> <hr/>	
Supplemental cash flow information:	
Interest paid	\$ 294
Taxes paid	\$ 994

See accompanying notes to unaudited consolidated financial statements.

- 4 -

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

(1) BASIS OF PRESENTATION:

The accompanying unaudited interim consolidated financial statements of American Technical Ceramics Corp. and subsidiaries (the "Registrant") reflect

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

all adjustments (consisting of normal recurring accruals) which are, in the opinion of management, necessary for a fair presentation of its consolidated financial position as of December 31, 2001 and the results of its operations for the three and six month periods ended December 31, 2001 and 2000. These consolidated financial statements should be read in conjunction with the summary of significant accounting policies and notes to consolidated financial statements included in the Registrant's Annual Report to Stockholders for the fiscal year ended June 30, 2001. Results for the three and six month periods ended December 31, 2001 are not necessarily indicative of results which could be expected for the entire year.

(2) IMPACT OF NEW ACCOUNTING STANDARDS:

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" ("SFAS No. 143"). SFAS No. 143 addresses financial accounting requirements for retirement obligations associated with retirement of tangible long-lived assets and for the associated asset retirement costs. SFAS No. 143 requires a company to record the fair value of an asset retirement obligation in the period in which it incurred a legal obligation associated with the retirement of tangible long-lived assets that results from the acquisition, construction development and/or normal use of the asset. The company is also to record a corresponding increase to the carrying amount of the related asset and to depreciate that cost over the life of the asset. The amount of the liability is changed at the end of each period to reflect the passage of time and changes in estimated future cash flows. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. The Registrant has not yet determined the impact of its planned adoption of SFAS No. 143 (anticipated for July 1, 2002).

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. SFAS No. 144 establishes accounting guidelines for the impairment of long-lived assets to be held and used; to be disposed of other than by sale; and to be disposed of by sale. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001 and interim periods within those fiscal years. The Registrant has not yet determined the impact of its planned adoption of SFAS No. 144 (anticipated for July 1, 2002).

- 5 -

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS (In thousands, except per share data)

(3) SUPPLEMENTAL CASH FLOW INFORMATION:

During the six months ended December 31, 2001, the Registrant (i) granted \$119 in deferred compensation stock awards, (ii) recognized a \$48 reduction of income taxes payable related to stock options exercised, and (iii) issued treasury stock in connection with stock awards with a cost basis of \$29.

(4) INVENTORIES:

Inventories included in the accompanying consolidated financial

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

statements consist of the following:

	Dec. 31, 2001	June 30, 2001
	----- (unaudited)	-----
Raw materials	\$ 14,465	\$ 13,388
Work-in-process	4,012	4,717
Finished goods	5,174	6,463
	-----	-----
	\$ 23,651	\$ 24,568
	=====	=====

- 6 -

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

(5) EARNINGS PER SHARE:

The following represents a reconciliation of the numerators and denominators of the basic and diluted earnings per share computation.

	For the Quarter Ended December 31, 2001			
	(Loss) / Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)
	-----	-----	-----	-----
Basic EPS	\$ (1,038)	8,047	\$ (.13)	\$ 2,445
			=====	
Effect of Dilutive Securities:				
Stock options		---		
Deferred compensation stock awards		---		
	-----	-----	-----	-----
Diluted EPS	\$ (1,038)	8,047	\$ (.13)	\$ 2,445
	=====	=====	=====	=====

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

	For the Six Months Ended December			
	2001			
	(Loss) / Income (Numerator)	Shares (Denominator)	Per-Share Amount	Income (Numerator)
	-----	-----	-----	-----
Basic EPS	\$ (740)	8,038	\$ (.09)	\$ 5,040
Effect of Dilutive Securities:				
Stock options		---		
Deferred compensation stock awards		---		
Diluted EPS	\$ (740)	8,038	\$ (.09)	\$ 5,040

Options covering 1,300 shares have been omitted from the calculation of dilutive EPS for the three and six months ended December 31, 2001 because their inclusion would have been antidilutive.

- 7 -

AMERICAN TECHNICAL CERAMICS CORP. AND SUBSIDIARIES
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share data)

(6) COMPREHENSIVE INCOME:

The Registrant's total comprehensive income is as follows:

	For The Three Months 2001

Net (Loss)/income	\$ (1,038)
Other comprehensive income, net of tax:	
Foreign currency translation adjustments	(4)
Unrealized (loss)/ gains on investments	(138)
Other comprehensive (loss)/ income	(142)
Comprehensive (loss)/ income	\$ (1,180)

	For The Six Months 2001 ----
Net (loss)/ income	\$ (740)
Other comprehensive income, net of tax:	
Foreign currency translation adjustments	67
Unrealized (loss)/ gains on investments	(30)
Other comprehensive income	37
Comprehensive (loss)/ income	\$ (703) =====

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
(In thousands, except per share data)

The following discussion and analysis should be read in conjunction with the consolidated financial statements, related notes and other information included in this Quarterly Report on Form 10-Q.

Statements in this Quarterly Report on Form 10-Q that are not historical fact may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All such forward-looking statements are subject to risks and uncertainties, including, but not limited to, market and economic conditions, the impact of competitive products, product demand and market acceptance risks, changes in product mix, costs and availability of raw materials, fluctuations in operating results, delays in development of highly-complex products, risks associated with international sales and sales to the U.S. military, risk of customer contract or sales order cancellations and other risks detailed from time to time in the Registrant's filings with the Securities and Exchange Commission, including, without limitation, those contained under the caption "Item 1. BUSINESS - CAUTIONARY STATEMENTS REGARDING FORWARD - LOOKING STATEMENTS" in the Registrant's Annual Report on Form 10-K. These risks could cause the Registrant's actual results for future periods to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Registrant. Any forward-looking statement represents the Registrant's expectations or forecasts only as of the date it was made and should not be relied upon as representing its expectations or forecasts as of any subsequent date. The Registrant undertakes no obligation to correct or update any forward-looking statement, whether as a result of new information, future events or otherwise, even if its expectations or forecasts change.

RESULTS OF OPERATIONS

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

Three Months Ended December 31, 2001 Compared with Three Months Ended
December 31, 2000

Net sales for the three months ended December 31, 2001 decreased 46% to \$11,582, compared to \$21,326 in the comparable period in the prior fiscal year. The decrease in net sales was primarily the result of decreased sales volume across all major product lines. The decline in sales is due to the economic downturn affecting the entire electronic component industry. Sales were down in all market sectors except the medical equipment sector. Sales to a major medical equipment OEM accounted for 15% of the Registrant's net sales in the three months ended December 31, 2001.

Gross margin for the three months ended December 31, 2001 was 20.2% of net sales, compared to 41.5% for the comparable period in the prior fiscal year. The decrease in gross margin was principally due to lower sales volume. Cost of sales for the three months ended December 31, 2001 was also negatively impacted by a charge of \$830 for inventory that the Registrant believes may be scrapped in the future as a result of excess quantities, customer requirements and other causes. Similar charges may be necessary in future periods depending upon various factors, including demand for the Registrant's products and the efficiency of its production process. Cost reduction measures put in place during the fourth quarter of fiscal year 2001 and the first quarter of fiscal year 2002 have partially offset the impact of lower sales on gross margins. These measures included reduced headcount, reduced capital spending and general cost controls on discretionary spending.

- 9 -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued) (In thousands, except per share data)

Selling, general and administrative expenses for the three months ended December 31, 2001 decreased 21% to \$3,135, compared to \$3,982 in the comparable period in the prior fiscal year. The decrease was due to decreased commission expense as a result of the decrease in net sales, lower bonus accruals due to decreased profitability and decreased payroll related expenses due to cost reduction measures instituted in the fourth quarter of fiscal year 2001 and the first quarter of fiscal year 2002, offset partially by severance and professional fees incurred in connection with closing the Registrant's sales office in England.

Research and development expenses for the three months ended December 31, 2001 decreased 24% to \$833, compared to \$1,089 in the comparable period in the prior fiscal year. A reduction in research and development spending was among the cost reduction measures referred to above.

Bookings for the three months ended December 31, 2001 were \$9,452, compared to \$24,101 for the three months ended December 31, 2000. Cancellations have returned to historical levels, but bookings remain low, particularly in the

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

fiber optic, wireless infrastructure and semiconductor manufacturing equipment sectors. Bookings for the second quarter of fiscal year 2002 have declined from the levels attained in the first quarter of fiscal year 2002. The decline was due to continued weakness in the fiber optic market and a temporary slowdown in the medical market due to inventory buildups. The Registrant expects the second quarter to be the weakest for the fiscal year and anticipates modest improvement over the next few quarters. Delivery times and price are key factors in obtaining orders. The Registrant believes its current levels of inventories should enable it to deliver orders in the short time frames currently required by many of its customers.

The backlog of unfilled orders was \$10,644 at December 31, 2001 compared to \$29,458 at December 31, 2000 and \$16,153 at June 30, 2001. The decrease in backlog compared to December 31, 2000 was primarily the result of bookings cancellations incurred during the latter half of fiscal year 2001 caused by the economic weakness in the electronic component industry. The decrease in backlog compared to June 30, 2001 was primarily due to shipments in excess of order bookings as the Registrant continued to ship orders out of backlog scheduled for delivery during the second quarter.

The Registrant expects the current level of backlog to be sustainable as order bookings begin to improve over the next several quarters. Customer order patterns are anticipated to improve as they deplete their current inventory and economic conditions improve. The Registrant anticipates that customers will place orders with short delivery requirements for the foreseeable future resulting in a slow growth in sales and bookings over the next few quarters.

As a result of the foregoing, net loss for the three months ended December 31, 2001 was \$1,038 or (\$.13) per common share (\$.13) per common share assuming dilution), compared to net income of \$2,445, or \$.31 per common share (\$.30 per common share assuming dilution), for the comparable period in the prior fiscal year.

- 10 -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued) (In thousands, except per share data)

Six Months Ended December 31, 2001 Compared with Six Months Ended
December 31, 2000

Net sales for the six months ended December 31, 2001 decreased 40% to \$25,487, compared to \$42,223 in the comparable period in the prior fiscal year. The decrease in net sales was primarily the result of decreased sales volume across all major product lines. The decline in sales is due to the economic downturn affecting the entire electronic component industry. Sales were down in all market sectors except the medical equipment sector.

Gross margin for the six months ended December 31, 2001 was 26.3% of net sales, compared to 42.6% for the comparable period in the prior fiscal year. The decrease in gross margin was principally due to lower sales volume. Cost of sales for the six months ended December 31, 2001 was also negatively impacted by charges of \$1,427 for inventory that the Registrant believes may be scrapped in

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

the future as a result of excess quantities, customer requirements and other causes. Similar charges may be necessary in future periods depending upon various factors, including demand for the Registrant's products and the efficiency of its production process. Cost reduction measures put in place during the fourth quarter of fiscal year 2001 and in the first quarter of fiscal year 2002 have partially offset the impact of the lower sales. These measures included reduced headcount, reduced capital spending and general cost controls on discretionary spending.

Selling, general and administrative expenses for the six months ended December 31, 2001 decreased 24% to \$6,155, compared to \$8,072 in the comparable period in the prior fiscal year. The decrease was due to decreased commission expense as a result of the decrease in net sales, lower bonus accruals due to decreased profitability and decreased payroll related expenses due to cost reduction measures instituted in the fourth quarter of fiscal year 2001 and the first quarter of fiscal year 2002, partially offset by severance costs of \$203 incurred in connection with headcount reduction in the United States and England, and professional fees incurred in connection with closing the Registrant's sales office in England.

Research and development expenses for the six months ended December 31, 2001 decreased 21% to \$1,685, compared to \$2,130 in the comparable period in the prior fiscal year. Research and development spending was among the cost reduction measures referred to above.

The Registrant experienced a net loss for the six months ended December 31, 2001 primarily due to the low sales level in relation to fixed costs, particularly in the second quarter, and the inventory charges discussed above. The cost reduction measures employed by the Registrant did not fully compensate for the decline in revenue.

- 11 -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued) (In thousands, except per share data)

LIQUIDITY AND CAPITAL RESOURCES

The Registrant's financial position at December 31, 2001 remains strong as evidenced by working capital of \$33,652 and stockholders' equity of \$55,499. The Registrant's current ratio at December 31, 2001 was 6.9, compared to a current ratio of 4.2 at June 30, 2001. The Registrant's quick ratio (current assets minus inventory divided by current liabilities) at December 31, 2001 was 2.8 as compared to 1.9 at June 30, 2001. The improvements in the Registrant's current ratio and quick ratio were primarily due to a reduction in current liabilities as a result of lower raw material purchases, lower bonus and commission accruals due to the lower sales and profitability and reduced capital spending, partially offset by a reduction in accounts receivable.

Cash, cash equivalents and investments increased by \$1,944 to \$7,123 at December 31, 2001 from \$5,179 at June 30, 2001, primarily as a result of collection of accounts receivable, reduced purchasing of raw material and reduced discretionary spending, partially offset by payment of year end bonus

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

and commission accruals and investment in property, plant and equipment. Accounts receivable decreased by \$5,872 to \$5,658 at December 31, 2001 from \$11,530 at June 30, 2001, primarily due to lower sales volumes and collection of balances due at June 30, 2001. Inventories decreased by \$917 to \$23,651 at December 31, 2001 from \$24,568 at June 30, 2001. Accounts payable and accrued expenses decreased by \$3,636 to \$4,354 at December 31, 2001 from \$7,990 at June 30, 2001, primarily due to payment of fiscal year end bonus accruals, lower capital spending due to cost reduction measures and lower purchasing levels of raw materials due to the lower production volumes commensurate with lower sales volumes.

The Registrant has available two credit facilities with Bank of America, N.A.: a revolving line of credit of \$4,000 and an equipment line of credit of \$8,500. The outstanding principal balance under both lines bears interest at 1.5% above the one month rate for U.S. Dollar deposits on the London Interbank Market ("LIBOR") and is subject to certain financial covenants, including maintenance of asset and liability percentage ratios. The outstanding principal balance of the equipment line rolls over periodically into a self-amortizing term note of not less than four nor more than seven years. Borrowings under the equipment line are secured by the related equipment purchases.

The Registrant did not incur any borrowings under the revolving line of credit or the equipment line during the three and six months ended December 31, 2001. Through December 31, 2001, the Registrant's borrowings aggregated \$4,768 under the equipment line.

The Registrant has available credit facilities with Citibank N.A. (as successor to European American Bank, N.A.); a \$5,000 line for equipment purchases and a \$2,000 unsecured term loan line. The lines bear interest at either the Citibank prime rate or 1.5% above the Reserve Adjusted LIBOR rate (as defined) and are subject to certain financial covenants. Borrowings under the equipment line will be secured by the related equipment purchases. The outstanding balance six months after the term loan line is made available and at expiration of the line (January 2002) will roll into fully amortizing term loans with a maturity of five years. The Registrant has not incurred any borrowings under either of these facilities. These facilities were scheduled to expire in January 2002. The Registrant is negotiating a new credit facility with the bank. While there can be no assurance that an agreement will be reached, Citibank N.A. has agreed to extend these lines on a month-to-month basis while discussions are in progress.

- 12 -

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (continued) (In thousands, except per share data)

Capital expenditures for the six months ended December 31, 2001 totaled \$1,925, including amounts for machinery and equipment and planned leasehold improvements. The Registrant intends to use cash on hand and available lines of credit to finance budgeted capital expenditures, primarily for equipment acquisition and facility expansion, of approximately \$2,000 for the remainder of fiscal year 2002.

Aggregate contractual obligations as of December 31, 2001 mature as follows:

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

Contractual Obligations	Total	Payments Due by Period	
		Less than 1 year	1- 3 years
Long-Term Debt	\$ 5,083	\$ 761	\$ 2,282
Capital Lease Obligations	2,703	217	764
Operating Leases	262	149	113
Total Contractual Obligations	\$ 8,048	\$ 1,127	\$ 3,159

Aggregate other commitments as of December 31, 2001 mature as follows:

Other Commercial Commitments	Total Amounts Committed	Amount of Commitments
Lines of Credit	\$ 19,500	

In the normal course of business, the Company routinely enters into binding and non-binding purchase obligations primarily covering anticipated purchases of inventory and equipment. The terms of these commitments generally do not extend beyond six months. None of these obligations are individually significant. The Company does not expect that these commitments will materially adversely affect its liquidity in the foreseeable future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Registrant has identified four market risks relative to its business: interest rate risk, foreign currency exchange rate risk, commodity price risk and security price risk. There has been no material changes in the way the Registrant conducts its worldwide business, foreign exchange risk management, investments in marketable securities or raw material commodity purchasing from the descriptions thereof in the Registrant's Form 10-K for the fiscal year ended June 30, 2001.

- 13 -

PART II - OTHER INFORMATION

ITEMS 1. THROUGH 3. Not Applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

At the Registrant's Annual Meeting of Stockholders held on November 15, 2001 (the "Annual Meeting"), the stockholders elected the individuals named below as directors for one-year terms. Votes were cast as follows:

	For
Victor Insetta	7,971,464
Dov S. Bacharach	7,983,589
Chester E. Spence	7,970,564
O. Julian Garrard III	7,982,089
Stuart P. Litt	8,015,564
Thomas J. Volpe	7,981,989

The stockholders also ratified the appointment of KPMG LLP as the independent public accountants to audit the Registrant's consolidated financial statements for the fiscal year ending June 30, 2002. The holders of 8,025,223 shares of Common Stock voted to ratify the appointment, 10,687 voted against ratification and the holders of 25,200 shares of Common Stock abstained from voting on the issue.

ITEM 5. Not Applicable

ITEM 6. Exhibits and Reports on Form 8-K

(a) EXHIBITS

Unless otherwise indicated, the following exhibits were filed as part of the Registrant's Registration Statement on Form S-18 (No. 2-96925-NY) (the "Registration Statement") and are incorporated herein by reference to the same exhibit thereto:

EXHIBIT NO.	DESCRIPTION
-----	-----
3(a) (i)	- Certificate of Incorporation of the Registrant.
3(a) (ii)	- Amendment to Certificate of Incorporation. (4)
3(b) (i)	- By-laws of the Registrant.
9(a) (i)	- Restated Shareholders' Agreement, dated April 15, 1985, among Victor Insetta, Joseph Mezey, Joseph Colandrea and the Registrant.

- 14 -

10(b) (i)	- Amended and Restated Lease, dated September 25, 1998, between Victor Insetta, d/b/a Stepar Leasing Company, and the Registrant for premises at 15 Stepar Place, Huntington
-----------	--

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

Station, N.Y. (9)

- 10(c) (i) - Form of 1985 Employee Stock Sale Agreement between the Registrant and various employees.
- 10(c) (ii) - Form of Employee Stock Bonus Agreement, dated as of July 1, 1993, between the Registrant and various employees. (3)
- 10(c) (iii) - Form of Employee Stock Bonus Agreement, dated as of April 19, 1994, between the Registrant and various employees. (3)
- 10(c) (iv) - Form of Employee Stock Bonus Agreement, dated as of April 20, 1995, between the Registrant and various employees. (4)
- 10(e) (i) - Second Amended and Restated Lease, dated as of May 16, 2000, between V.P.I. Properties Associates, d/b/a V.P.I. Properties Associates, Ltd., and American Technical Ceramics (Florida), Inc. (13)
- 10(f) - Purchase Agreement, dated May 31, 1989, by and among Diane LaFond Insetta and/or Victor D. Insetta, as custodians for Danielle and Jonathan Insetta, and American Technical Ceramics Corp., and amendment thereto, dated July 31, 1989. (4)
- 10(g) (iii) - Profit Bonus Plan, dated April 19, 1995, and effective for the fiscal years beginning July 1, 1994. (4)
- 10(g) (iv) - Employment Agreement, dated April 3, 1985, between Victor Insetta and the Registrant, and Amendments No. 1 through 4 thereto. (2)
- 10(g) (v) - Amendment No. 5, dated as of September 11, 1998, to Employment Agreement between Victor Insetta and the Registrant. (8)
- 10(g) (vi) - Managers Profit Bonus Plan, dated December 7, 1999, and effective January 1, 2000. (12)
- 10(h) - Employment Agreement, dated September 1, 2000, between the Registrant and Richard Monsorno. (14)
- 10(k) - Consulting Agreement, dated October 2000, between the Registrant and Stuart P. Litt. (14)
- 10(m) (i) - American Technical Ceramics Corp. 1997 Stock Option Plan. (7)
- 10(m) (ii) - American Technical Ceramics Corp. 2000 Incentive Stock Plan. (12)
- 10(o) (i) - Loan Agreement, dated November 25, 1998, between the Registrant and NationsBank, N.A. (10)

- 15 -

- 10(o) (ii) - Amendment to Loan Agreement, dated February 4, 1999, between the Registrant and NationsBank, N.A. (12)
- 10(o) (iii) - Second Amendment to Loan Agreement, dated April 13, 2000, between the Registrant and Bank of America, N.A., as successor

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

- to NationsBank, N.A. (12)
- 10(o) (iv) - Third Amendment to Loan Agreement, dated October 26, 2000, between the Registrant and Bank of America, N.A., as successor to NationsBank, N.A. (15)
- 10(o) (v) - Fourth Amendment to Loan Agreement, dated March 30, 2001, between the Registrant and Bank of America, N.A., as successor to NationsBank, N.A. (15)
- 10(p) - Amended and Restated Employment Agreement, dated as of January 1, 1998, between Judah Wolf and the Registrant. (11)
- 10(q) - Mortgage Note between American Technical Ceramics Corp. and European American Bank, N.A., dated as of August 17, 2000. (13)
- 10(r) - Employment Agreement, dated April 10, 2001, between the Registrant and David Ott. (15)
- 10(s) - Loan Agreement, dated May 8, 2001, between the Registrant and European American Bank, N.A. (16)
- 21 - Subsidiaries of the Registrant. (2)
-

1. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1989.
2. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1993.
3. Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1994.
4. Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1995.
5. Incorporated by reference to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended June 30, 1996.
6. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 1997.

- 16 -

7. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1997.
8. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1998.
9. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998.

Edgar Filing: AMERICAN TECHNICAL CERAMICS CORP - Form 10-Q

10. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 1998.
11. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 1999.
12. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2000.
13. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2000.
14. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2000.
15. Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2001.
16. Incorporated by reference to the Registrant's Annual Report on Form 10-K for the fiscal year ended June 30, 2001.

(b) REPORTS ON FORM 8-K

The Registrant did not file any reports on Form 8-K during the quarter ended December 31, 2001.

- 17 -

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated:

AMERICAN TECHNICAL CERAMICS CORP.
(Registrant)

DATE: February 13, 2002

BY: /s/ VICTOR INSETTA

Victor Insetta
President and Director
(Principal Executive Officer)

DATE: February 13, 2002

BY: /s/ ANDREW R. PERZ

Andrew R. Perz

Vice President, Controller
(Principal Accounting Officer)

- 18 -