VERSAR INC Form 8-K May 11, 2004

SECURITIES AND EXCHANGE COMMISSION WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of earliest event reported): May 11, 2004

Versar Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware 1-9309 54-0852979

(State or Other (Commission File (IRS Employer Jurisdiction) Number) Identification No.)

6850 Versar Center, Springfield, Virginia 22151

(Address of Principal Executive Offices)

(703) 750-3000

(Registrant's Telephone Number, Including Area Code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

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1

Item 12. Results of Operations and Financial Condition

In accordance with SEC Release No. 33-8255, the following information is furnished.

On May 10, 2004, Versar, Inc. announced via press release the Company's results for its third quarter ended March 31, 2004. A copy of the Company's press release is attached hereto as Exhibit 99.1. This Form 8-K and the attached exhibit are provided under Item 12 of Form 8-K and are furnished to, but not filed with, the Securities and Exchange Commission.

2

SIGNATURES

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

VERSAR, INC.

Date: May 11, 2004 By /S/ Lawrence W. Sinnott

Lawrence W. Sinnott
Senior Vice President,
Chief Financial Officer and
Treasurer (Principal Financial
Officer)

3

Exhibit 99.1

FOR IMMEDIATE RELEASE: Monday, May 10, 2004

Versar Announces Fourth Consecutive Profitable Quarter
And Record Total Contract Backlog

Springfield, VA, Monday, May 10, 2004 -- VERSAR, Inc. (Amex:

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VSR) announced today that gross revenues for the third quarter of fiscal year 2004 were \$15,130,000, an increase of 13% over that reported in same period of fiscal year 2003 and the Company's fourth consecutive profitable quarter. The increase in gross revenue is due to higher subcontracted mold remediation work. Net income for the third quarter of fiscal year 2004 was \$21,000 versus a loss of \$455,000 in the third quarter of fiscal year 2003. Net income for the first three quarters of fiscal year 2004 was \$730,000 versus a loss of \$1,527,000 for the first three quarters of fiscal year 2003.

Dr. Ted Prociv, President and CEO of VERSAR said, "I am pleased with the third quarter's results as it is historically the Company's most difficult quarter. Even though we encountered unanticipated contract delays and lower levels of chemical surety work, we were able to remain profitable."

Dr. Prociv also said, "I believe our future revenue and earnings prospects have significantly improved. Our cost structure is in balance with our business volume and our new orders have exceeded our year to date revenues by 43%. With our recent contract awards, VERSAR now has a funded contract backlog of \$50 million and our total contract funding capacity exceeds \$350 million, which is the highest level in the Company's history. With our improved backlog, based on information we have now, I believe VERSAR will have a strong fourth quarter."

VERSAR, INC., headquartered in Springfield, VA, is a publicly held professional services firm supporting government and industry in national defense/homeland defense programs, environmental health and safety and infrastructure revitalization. VERSAR operates a number of web sites, including the corporate Web sites, http://www.versar.com, http://www.homelanddefense.com, and http://www.geomet.com; and a B2B portal for homeland defense products and services, http://www.nbcprotect.com and http://www.dtaps.com.

This press release contains forward-looking information. The forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be significantly impacted by certain risks and uncertainties described herein and in Versar's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended June 30, 2003.

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4

VERSAR, INC. AND SUBSIDIARIES
Consolidated Statements of Operations

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(Unaudited - in thousands, except per share amounts)

					For the Nine-Month Periods Ended March 31,			
		2004		2003		2004		2003
GROSS REVENUE Purchased services and materials, at cost	\$	15,130	\$	13,366	\$	43,023	\$	42,678
		6,683		4,523		18,094		16,540
NET SERVICE REVENUE Direct costs of services		8,447		8,843		24,929		26,138
and overhead Selling, general and		6 , 956		7,314		19,877		21,167
administrative expenses Non-recurring charge		1,427		1,415		4,192		4,473 800
OPERATING INCOME (LOSS)		64		114		860		(302)
OTHER EXPENSE Interest expense		43	. <u></u>	46		130		121
INCOME (LOSS) BEFORE TAX		21		68		730		(423)
Income tax expense			. <u></u>	523				1,104
NET INCOME (LOSS)	\$	21	\$	(455) ======	\$	730	\$	(1,527)
NET INCOME (LOSS) PER SHARE - BASIC	\$		\$	(0.06)	\$	0.10	\$ ===	(0.21)
NET INCOME (LOSS) PER SHARE - DILUTED	\$		\$	(0.06)	\$	0.10	\$ ===	(0.21)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC	===	7,304 ======	==:	7 , 227	==:	7 , 275	. ==:	7 , 227
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED		7 , 737		7 , 227		7 , 583		7 , 227