

CTS CORP
Form 10-Q/A
May 15, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A

(Mark One)

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

For the Quarterly Period Ended April 2, 2006

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: 1-4639

CTS CORPORATION

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction
of incorporation or
organization)

35-0225010
(IRS Employer
Identification
Number)

905 West Boulevard North,
Elkhart, IN
(Address of principal executive

46514
(Zip Code)

offices)

Registrant's telephone number, including area code: 574-293-7511

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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (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 April 24, 2006:

35,886,365

CTS CORPORATION AND SUBSIDIARIES

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EXPLANATORY NOTE

We are filing this Form 10-Q/A to amend our Quarterly Report on Form 10-Q for the quarter ended April 2, 2006 as filed with the Securities and Exchange Commission on April 26, 2006 (the “Original Filing”) to restate our consolidated financial statements and amend the related disclosures for the three-month period ended April 2, 2006. This amended Form 10-Q/A also includes the restatement of selected unaudited quarterly financial data for the first quarter in the year ended December 31, 2006 and a restated condensed consolidated balance sheet for the year ended December 31, 2005. As previously disclosed in our Current Report on Form 8-K filed on February 9, 2007, our financial statements and related financial information contained in our Quarterly Reports on Form 10-Q filed in 2006 should no longer be relied upon. Accordingly, this Form 10-Q/A should be read in conjunction with our filings made with the Securities and Exchange Commission subsequent to the Original Filing.

The restatement of the Original Filing was based on a review initiated by management under the oversight of the Audit Committee, with the assistance of outside counsel and forensic accountants, revealing incorrect entries made by the controller at our Moorpark, California location. The incorrect entries consisted of the movement of costs from income statement accounts, primarily cost of goods sold, to balance sheet accounts, primarily accounts payable, beginning in 2005 and continuing throughout 2006.

For more information on these matters, please refer to Note B, to the condensed consolidated financial statements “Restatement of the Condensed Consolidated Financial Statements”, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Item 4, “Controls and Procedures.”

All of the information in this Form 10-Q/A is as of April 2, 2006 and does not reflect events occurring after the date of the Original Filing, other than the restatement, or update disclosures affected by subsequent events, including the exhibits to the Original Filing, except for the updated Exhibits 31(a), 31(b), 32(a), and 32(b). This Form 10-Q/A sets forth the Original Filing in its entirety, as amended by and to reflect the restatement, as well as other adjustments described above. The following items in the Form 10-Q/A were amended to reflect the restatement:

Part I Item 1 Unaudited Financial Statements;
Part I Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations;
Part I Item 4 Controls and Procedures;
Part II Item 6 Exhibits

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CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS - UNAUDITED
(In thousands, except per share amounts)

	Three Months Ended	
	April 2, 2006	April 3, 2005
	(as restated)	
Net sales	\$ 150,493	\$ 155,330
Costs and expenses:		
Cost of goods sold	120,452	127,115
Selling, general, and administrative expenses	16,390	17,757
Research and development expenses	4,092	4,787
Restructuring charge - Note D	1,962	—
Operating earnings	7,597	5,671
Other (expense) income:		
Interest expense	(1,111)	(1,717)
Interest income	125	419
Other	3	26
Total other expense	(983)	(1,272)
Earnings before income taxes	6,614	4,399
Income tax expense	1,574	1,012
Net earnings	\$ 5,040	\$ 3,387
Net earnings per share — Note L		
Basic	\$ 0.14	\$ 0.09
Diluted	\$ 0.13	\$ 0.09
Cash dividends declared per share	\$ 0.03	\$ 0.03
Average common shares outstanding:		
Basic	35,821	36,398
Diluted	40,234	40,979

See notes to condensed consolidated financial statements (as restated).

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CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS — UNAUDITED
(In thousands of dollars)

	April 2, 2006 (as restated)	December 31, 2005* (as restated)
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,637	\$ 12,029
Accounts receivable, less allowances (2006 - \$2,578; 2005 - \$2,373)	94,005	90,790
Inventories — Note G	60,995	60,629