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VERSAR INC
Form 8-K
September 17, 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): September 16, 2004

VersarInc.

(Exact Name of Registrant as Specified in its Charter)

| | | |
|--|---------------------------------------|--|
| Delaware (State or Other Jurisdiction) | 1-9309 (Commission File Number) | 54-0852979 (IRS Employer 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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Item 2.02. Results of Operations and Financial Condition

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

On September 15, 2004, Versar, Inc. announced via press release the Company's results for its fourth quarter ended June 30, 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 2.02 of Form 8-K and are furnished to, but not filed with, the Securities and Exchange Commission.

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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: September 16, 2004

By

/s/ Lawrence W. Sinnott

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

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Exhibit 99.1

FOR IMMEDIATE RELEASE:

Wednesday, September 15, 2004

Versar Announces Solid Year End Results along with Its Fifth
Consecutive Profitable Quarter

Springfield, VA, Wednesday, September 15, 2004 VERSAR, Inc.

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(Amex: VSR) today announced positive financial results for the fiscal year ending June 30, 2004. Net income for fiscal year 2004 was \$1,191,000 or \$0.16 per share compared to a loss of \$1,008,000, \$0.14 per share or approximately a \$2.2 million or a \$.40 per share improvement over last year. Operating income increased in fiscal year 2004 by \$1,015,000 over the prior fiscal year on gross revenue of \$60,454,000, a 6% increase compared to gross revenue for the prior fiscal year. The improved financial results are the result of last year's restructuring program along with rebuilding the Company for future growth.

Versar finished the year with a funded backlog of \$46 million, a 44% increase over that reported at the end of the prior fiscal year. In addition, total contract backlog (backlog the Company expects to book with existing unfunded multi-year contracts) increased to an all time high of \$370 million. This was due to the award of several new large, multi-year contracts as well as winning all of its contracts that were up for re-compete in fiscal year 2004.

Versar's balance sheet was strengthened so that as of June 30, 2004, the Company completely repaid its line of credit and held approximately \$817,000 in cash. Versar now has approximately \$6 million of working capital for future business growth. The Company's equity has now exceeded \$10 million and the balance sheet ratios exceed industry averages.

Gross revenue for the fourth quarter was \$17,431,000, a 21% increase over the same quarter of fiscal year 2003. Net income for the fourth quarter was \$461,000 or \$0.06 per share compared to \$519,000 or \$0.07 per share for the fourth quarter the previous year. The slight drop in profitability in the fourth quarter 2004 was due to unplanned costs as a result of new regulatory requirements in the Company's chemical and biological laboratories.

Dr. Ted Procriv, President and CEO of Versar said "The operational and financial results for fiscal year 2004 create a strong foundation for future success. The results of our restructuring and focus on the federal marketplace have led to a new, directed organization which will allow us to take advantage of the tremendous business opportunities in the infrastructure and national security marketplaces. Five profitable quarters, a growing backlog and strengthened balance sheet, now enables Versar to focus on growth; both on the top and bottom line."

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

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Exchange Commission for the year ended June 30, 2004.

Contact: James Dobbs (703) 642-6712
Email: jdobbs@versar.com

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VERSAR, INC. AND SUBSIDIARIES Consolidated Statements of Operations (In thousands, except per share amounts)

| | Years Ended June 30, | | |
|--|----------------------|------------|-----------|
| | 2004 | 2003 | 2002 |
| GROSS REVENUE | \$ 60,454 | \$ 57,097 | \$ 67,988 |
| Purchased services and materials, at cost. | 26,482 | 21,917 | 29,799 |
| | 33,972 | 35,180 | 38,189 |
| NET SERVICE REVENUE | | | |
| Direct costs of services and overhead. | 27,231 | 28,349 | 31,254 |
| Selling, general and administrative expenses . . . | 5,464 | 5,769 | 6,316 |
| Non-recurring charge. | --- | 800 | --- |
| | 1,277 | 262 | 619 |
| OPERATING INCOME. | | | |
| OTHER EXPENSE | | | |
| Interest expense. | 153 | 166 | 203 |
| Income tax (benefit) expense. . | (67) | 1,104 | 257 |
| | 1,191 | (1,008) | 159 |
| INCOME (LOSS) FROM CONTINUING OPERATIONS. | | | |
| LOSS FROM DISCONTINUED OPERATIONS (net of tax). | --- | --- | --- |
| NET INCOME (LOSS) | \$ 1,191 | \$ (1,008) | \$ 79 |
| INCOME (LOSS) PER SHARE FROM CONTINUING OPERATIONS - | | | |
| BASIC AND DILUTED | \$.16 | \$ (.14) | \$.02 |
| LOSS PER SHARE FROM DISCONTINUED OPERATIONS - | | | |
| BASIC AND DILUTED | \$ --- | \$ --- | \$ (.01) |
| NET INCOME (LOSS) PER SHARE - | | | |
| BASIC AND DILLUTED. | \$.16 | \$ (.14) | \$.01 |

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| | | | |
|---|-------|-------|-------|
| | ===== | ===== | ===== |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - BASIC. . . | 7,360 | 7,231 | 6,709 |
| | ===== | ===== | ===== |
| WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING - DILUTED. . | 7,675 | 7,231 | 6,998 |
| | ===== | ===== | ===== |