

SYPRIS SOLUTIONS INC
Form 10-Q
August 17, 2010

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 July 4, 2010

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: 0-24020

SYPRIS SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

61-1321992
(I.R.S. Employer
Identification No.)

101 Bullitt Lane, Suite 450
Louisville, Kentucky 40222
(Address of principal executive
offices) (Zip code)

(502) 329-2000
(Registrant's 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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such reports). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of August 6, 2010 the Registrant had 19,673,859 shares of common stock outstanding.

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Part I. Financial Information

Item 1. Financial Statements

Sypris Solutions, Inc.

Consolidated Statements of Operations

(in thousands, except for per share data)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------------------|-----------------|--------------------------------|-----------------|
| | July 4, 2010 (Unaudited) | July 5, 2009 | July 4, 2010 (Unaudited) | July 5, 2009 |
| Net revenue: | | | | |
| Outsourced services | \$ 58,252 | \$ 53,699 | \$ 115,251 | \$ 105,249 |
| Products | 4,854 | 15,679 | 10,758 | 31,838 |
| Total net revenue | 63,106 | 69,378 | 126,009 | 137,087 |
| Cost of sales: | | | | |
| Outsourced services | 54,118 | 53,834 | 106,333 | 108,671 |
| Products | 4,057 | 11,101 | 8,732 | 23,419 |
| Total cost of sales | 58,175 | 64,935 | 115,065 | 132,090 |
| Gross profit | 4,931 | 4,443 | 10,944 | 4,997 |
| Selling, general and administrative | 6,983 | 6,994 | 13,558 | 14,740 |
| Research and development | 416 | 844 | 571 | 1,803 |
| Amortization of intangible assets | 28 | 28 | 56 | 56 |
| Restructuring expense, net | 1,002 | 1,732 | 1,415 | 3,713 |
| Operating loss | (3,498) | (5,155) | (4,656) | (15,315) |
| Interest expense, net | 583 | 1,449 | 1,184 | 2,160 |
| Other income, net | (688) | (384) | (222) | (77) |
| Loss from continuing operations, before taxes | (3,393) | (6,220) | (5,618) | (17,398) |
| Income tax expense | 571 | 413 | 770 | 768 |
| Loss from continuing operations | (3,964) | (6,633) | (6,388) | (18,166) |
| Income (loss) from discontinued operations, net of tax | (300) | (145) | (300) | 43 |
| Net loss | \$ (4,264) | \$ (6,778) | \$ (6,688) | \$ (18,123) |
| Basic income (loss) per share: | | | | |
| Loss per share from continuing operations | \$ (0.21) | \$ (0.36) | \$ (0.34) | \$ (0.98) |
| Loss (income) per share from discontinued operations | (0.02) | | | |