

TRANSCAT INC
Form 10-Q/A
June 21, 2004

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**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: June 28, 2003

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: 000-03905

TRANSCAT, INC.

(Exact name of registrant as specified in its charter)

Ohio

(State or other jurisdiction of incorporation or organization)

16-0874418

(I.R.S. Employer Identification No.)

35 Vantage Point Drive, Rochester, New York 14624

(Address of principal executive offices)
(Zip Code)

585-352-7777

(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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of Common Stock of the registrant outstanding as of June 16, 2004 was 6,237,465.

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**TRANSCAT, INC.
FORM 10-Q/A**

FIRST QUARTER ENDED JUNE 28, 2003

EXPLANATORY NOTE

This Form 10-Q/A amends Part 1, Item 1 and Part II, Item 6, of our Quarterly Report on Form 10-Q for the period ended June 28, 2003, as filed with the Securities and Exchange Commission on August 4, 2003 (the 2004 First Quarter Report). This Form 10-Q/A does not reflect events that occurred after the filing of the 2004 First Quarter Report or modify or update those disclosures to reflect any subsequent events. Except as set forth in Part 1, Item 1 and Part II, Item 6, we have not made any changes to, nor updated any disclosures contained in the 2004 First Quarter Report.

As discussed in Note 2A to our Consolidated Financial Statements contained in this Form 10-Q/A, this Form 10-Q/A restates the balance sheet classification of outstanding debt under our revolving line of credit from long-term to current liabilities. Accounting principles require current classification of revolving lines of credit under which funds are borrowed when the line of credit contains both a lock-box arrangement, whereby remittances to the lock-box automatically pay down the outstanding revolving line of credit, and loan terms that allow the lender to declare the loan in default on a subjective basis. This accounting treatment is required regardless of the legal maturity date of the revolving credit arrangement. Our revolving line of credit, which matures on November 13, 2005, contains such features. Accordingly, the accompanying Consolidated Financial Statements have been restated to reclassify outstanding borrowings under the revolving line of credit from long-term to current liabilities. This change in balance sheet classification does not affect our Consolidated Statements of Operations or Consolidated Statements of Cash Flows.

Table of Contents**FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These include statements concerning expectations, estimates, and projections about the industry, management beliefs and assumptions of Transcat, Inc. (Transcat , we , us , or our). Words such as anticipates , expects , intends , plans , believes , seeks , estimates , and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and assumptions that are difficult to forecast. Therefore, our actual results may materially differ from those expressed or forecast in any such forward-looking statements. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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TRANSCAT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(In Thousands, Except Per Share Amounts)

	(Unaudited) First Quarter Ended	
	June 28, 2003	June 30, 2002
Product Sales	\$ 8,024	\$ 9,499
Service Sales	4,570	4,735
Net Sales	<u>12,594</u>	<u>14,234</u>
Cost of Products Sold	6,036	7,024
Cost of Services Sold	3,450	4,015
Total Cost of Products and Services Sold	<u>9,486</u>	<u>11,039</u>
Gross Profit	<u>3,108</u>	<u>3,195</u>
Selling, Marketing, and Warehouse Expenses	2,076	2,099
Administrative Expenses	838	1,003
Total Operating Expenses	<u>2,914</u>	<u>3,102</u>
Operating Income	<u>194</u>	<u>93</u>
Interest Expense	103	245
Other Income	(95)	(7)
Total Other Expense	<u>8</u>	<u>238</u>
Income (Loss) Before Income Taxes and Cumulative Effect of a Change in Accounting Principle	186	(145)
Provision for Income Taxes	8	—
Income (Loss) Before Cumulative Effect of a Change in Accounting Principle	178	(145)
Cumulative Effect of a Change in Accounting Principle	—	(6,472)
Net Income (Loss)	<u>178</u>	<u>(6,617)</u>
Other Comprehensive Income:		
Currency Translation Adjustment	96	85
Comprehensive Income (Loss)	<u>\$ 274</u>	<u>\$ (6,532)</u>

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Basic and Diluted Earnings (Loss) Per Share:		
Before Cumulative Effect of a Change in Accounting Principle	\$ 0.03	\$ (0.02)
From Cumulative Effect of a Change in Accounting Principle		(1.06)
	<u> </u>	<u> </u>
Total Basic and Diluted Earnings (Loss) Per Share	\$ 0.03	\$ (1.08)
	<u> </u>	<u> </u>
Average Shares Outstanding (in thousands)	6,180	6,127

See the notes to these financial statements.

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TRANSCAT, INC.
CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share And Per Share Amounts)

	(Restated, see Note 2A)	
	(Unaudited) June 28, 2003	March 31, 2003
ASSETS		
Current Assets:		
Cash	\$ 135	\$ 114
Accounts Receivable, less allowance for doubtful accounts of \$118 and \$114 as of June 28, 2003 and March 31, 2003, respectively	6,158	6,879
Other Receivables	162	159
Finished Goods Inventory, net	2,732	2,842
Income Taxes Receivable	314	799
Prepaid Expenses and Deferred Charges	581	454
	10,082	11,247
Total Current Assets	10,082	11,247
Property, Plant and Equipment, net	2,439	2,556
Goodwill	2,524	2,524
Deferred Charges	165	197
Other Assets	234	234
	15,444	16,758
Total Assets	\$15,444	\$16,758
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts Payable	\$ 4,215	\$ 3,738
Accrued Payrolls, Commissions and Other	1,188	1,862
Income Taxes Payable	100	100
Deposits	64	64
Current Portion of Term Loan	666	666
Revolving Line of Credit	3,990	5,248
	10,223	11,678
Total Current Liabilities	10,223	11,678
Term Loan, less current portion	542	668
Deferred Compensation	156	170
Deferred Gain on TPG Divestiture	1,544	1,544
	12,465	14,060
Total Liabilities	12,465	14,060
Stockholders Equity:		
Common Stock, par value \$0.50 per share, 30,000,000 shares authorized; 6,301,689 and 6,296,000 shares issued as of June 28, 2003 and March 31, 2003, respectively; 6,182,331 and 6,176,642 shares outstanding as of June 28, 2003 and March 31, 2003, respectively	3,151	3,148
Capital in Excess of Par Value	3,035	3,031
Warrants	518	518
Accumulated Other Comprehensive Loss	(139)	(235)
Retained Deficit	(3,133)	(3,311)
Less: Treasury Stock, at cost, 119,358 shares	(453)	(453)
	2,979	2,698
Total Stockholders Equity	2,979	2,698

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Total Liabilities and Stockholders Equity	\$15,444	\$16,758
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See the notes to these financial statements.

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TRANSCAT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)

	(Unaudited)	
	First Quarter Ended	
	June 28, 2003	June 30, 2002
Cash Flows from Operating Activities:		
Net Income (Loss)	\$ 178	\$(6,617)
Cumulative Effect of a Change in Accounting Principle		6,472
	<u>178</u>	<u>(145)</u>
Net Income (Loss) Before Cumulative Effect of a Change in Accounting Principle	178	(145)
Adjustments to Reconcile Net Income (Loss) Before Cumulative Effect of a Change in Accounting Principle to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	436	521
Provision for Doubtful Accounts Receivable and Returns	(70)	
Common Stock Expense	7	
Other		18
Changes in Assets and Liabilities:		
Accounts Receivable and Other Receivables	718	1,661
Inventories	110	167
Income Taxes Receivable / Payable	485	1
Prepaid Expenses, Deferred Charges, and Other	(280)	(101)
Accounts Payable	477	(1,079)
Accrued Payrolls, Commissions, and Other	(604)	(715)
Deposits		(64)
Deferred Compensation	(14)	(14)
	<u>1,443</u>	<u>250</u>
Net Cash Provided by Operating Activities	1,443	250
Cash Flows from Investing Activities:		
Purchase of Property, Plant and Equipment	(134)	(195)
	<u>(134)</u>	<u>(195)</u>
Net Cash Used in Investing Activities	(134)	(195)
Cash Flows from Financing Activities:		
Revolving Line of Credit, net	(1,259)	201
Payments on Long-Term Borrowings	(125)	(675)
	<u>(1,384)</u>	<u>(474)</u>
Net Cash Used in Financing Activities	(1,384)	(474)
Effect of Exchange Rate Changes on Cash	96	85
	<u>21</u>	<u>(334)</u>
Net Increase (Decrease) in Cash	21	(334)
Cash at Beginning of Period	114	508
	<u>135</u>	<u>174</u>
Cash at End of Period	\$ 135	\$ 174

See the notes to these financial statements.

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TRANSCAT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In Thousands, Except Per Share Amounts)
(Unaudited)

NOTE 1 NATURE OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Transcat, Inc. (Transcat , we , us , our) is a leading distributor of professional grade test, measurement, and calibration instruments and a provider of calibration and repair services, primarily throughout the process, life science, and manufacturing industries.

Basis of Presentation

Our unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission (SEC). Accordingly, the Consolidated Financial Statements do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation (consisting of normal recurring adjustments) have been included. The results for the interim periods are not indicative of the results to be expected for the year. The accompanying Consolidated Financial Statements should be read in conjunction with our audited Consolidated Financial Statements as of and for the year ended March 31, 2003 as reported in our 2003 Annual Report on Form 10-K/A filed with the SEC.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year

Transcat has operated within a conventional 52-week accounting fiscal year ending on March 31st of each year. As of April 1, 2003, we changed our fiscal year end from March 31 to a 52 / 53 week fiscal year end, ending the last Saturday in March. As a result of this change, in a 52-week fiscal year, each of our four quarters will be a 13-week period, and the final month of each quarter will be a 5-week period. This is not deemed a change in fiscal year for purposes of reporting subject to Rule 13a-10 or 15d-10 since the new fiscal year commences with the end of the old fiscal year.

Revenue Recognition

Sales are recorded when products are shipped or services are rendered to customers, as we generally have no significant post delivery obligations, the product price is fixed and determinable, collection of the resulting receivable is probable and product returns are reasonably estimated. Provisions for customer returns are provided for in the period the related sales are recorded based upon historical data.

Earnings Per Share

Basic earnings per share of Common Stock are computed based on the weighted average number of shares of Common Stock outstanding during the period. Diluted earnings per share of Common Stock reflect the assumed conversion of dilutive stock options and warrants. In computing the per share effect of assumed conversion, funds which would have been received from the exercise of

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options and warrants are considered to have been used to purchase shares of Common Stock at the average market prices during the period, and the resulting net additional shares of Common Stock are included in the calculation of average shares of Common Stock outstanding.

For the three months ended June 28, 2003, the net additional shares of Common Stock from options and warrants had no effect on the calculation of dilutive earnings per share. For the three months ended June 30, 2002, there were no dilutive stock options and warrants. The total number of anti-dilutive shares outstanding from stock options and warrants are summarized as follows (shares in thousands, except per share amounts):

	(Unaudited) First Quarter Ended	
	June 28, 2003	June 30, 2002
Number of Options and Warrants:		
Anti-dilutive	1,514	1,161
Range of Exercise Prices per Share	\$ 0.80-\$4.75	\$ 1.00-\$9.25

Goodwill

Transcat recorded an impairment of \$6.5 million from the implementation of Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangibles in the first quarter of the fiscal year 2003 as a change in accounting principle.

Deferred Catalog Costs

Transcat amortizes the cost of each major catalog (Master Catalog) mailed over such catalog s estimated productive life. We review response results from catalog mailings on a continuous basis; and if warranted, we may modify the period over which costs are recognized. Deferred catalog costs were \$0.5 million at June 30, 2002. There were no deferred catalog costs at June 28, 2003.

Deferred Gain on TPG

As a result of certain post divestiture commitments, Transcat, according to GAAP, is unable to recognize the gain of \$1.5 million on the divestiture of Transmation Products Group (TPG) until those commitments expire in fiscal year 2006.

Deferred Taxes

Transcat accounts for certain income and expense items differently for financial reporting purposes than for income tax reporting purposes. Deferred taxes are provided in recognition of these temporary differences.

A valuation allowance on deferred tax assets is provided for the portion of tax operating loss carry forwards and other items for which it is more likely than not that the benefit of such items will not be realized. A valuation allowance for the full amount of the net deferred tax asset of \$3.7 million was recorded at June 28, 2003 and March 31, 2003. This represents the portion of the foreign tax credit carry forwards and other items for which it is more likely than not that the benefit of such items will not be realized.

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Transcat follows the disclosure provisions of Accounting Practice Board (APB) No. 25, Accounting for Stock Issued to Employees , which does not require compensation costs related to stock options to be recorded in net income, as all options granted under the stock option plan had exercise prices equal to the market value of the underlying common stock at grant date.

The following table provides pro forma amounts, if we accounted for stock-based employee compensation under the fair value method (in thousands, except per share amounts):

	First Quarter Ended	
	June 28, 2003	June 30, 2002
Net Income (Loss), as reported	\$ 178	\$(6,617)
Deduct: Total stock-based employee compensation expense Determined under fair value based method for all awards, net of related tax effects	(23)	(55)
Pro Forma Net Income (Loss)	\$ 155	\$(6,672)
Earnings (Loss) Per Share:		
Basic and Diluted as reported	\$ 0.03	\$ (1.08)
Basic and Diluted pro forma	\$ 0.03	\$ (1.09)

Reclassification of Amounts

Certain reclassifications of prior year fiscal quarter financial information have been made to conform with current quarter presentation.

New Accounting Pronouncements

In November 2002, the Emerging Issues Task Force (EITF) reached a consensus on EITF Issue No. 00-21, Accounting for Revenue Arrangements with Multiple Deliverables. EITF No. 00-21 provides guidance on how to determine when an arrangement that involves multiple revenue-generating activities or deliverables should be divided into separate units of accounting for revenue recognition purposes, and if this division is required, how the arrangement consideration should be allocated among the separate units of accounting. The guidance in the consensus is effective for revenue arrangements entered into in fiscal periods beginning after June 15, 2003. Transcat does not have any such revenue arrangements or deliverables as of June 28, 2003.

In April 2003, the Financial Accounting Standards Board (FASB) issued SFAS No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities. SFAS No. 149 amends and clarifies the accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 149 is generally effective for contracts entered into or modified after June 30, 2003 and for hedging relationships designated after June 30, 2003. Transcat does not have any such derivative instruments as of June 28, 2003.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. SFAS No. 150 requires that certain financial instruments, which under previous guidance were accounted for as equity, must now be accounted for as liabilities. The financial instruments affected include mandatorily redeemable stock, certain financial instruments that require or may require the issuer to buy back some of its shares in exchange for cash or other assets and certain obligations that can be settled with shares of stock. SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003 and must be applied to existing financial instruments the beginning of the first fiscal period after June 15, 2003. Transcat does not have any such financial instruments as of June 28, 2003.

Table of Contents**NOTE 2A RESTATEMENT**

We have restated the classification of our outstanding debt under our revolving line of credit from long-term to current liabilities on our Consolidated Balance Sheets as of June 28, 2003 and March 31, 2003. EITF No. 95-22, Balance Sheet Classification of Borrowings Outstanding under Revolving Credit Agreements that include both a Subjective Acceleration Clause and a Lock-Box Arrangement, requires current classification of revolving lines of credit under which funds are borrowed when the revolving line of credit contains both loan terms that allow the lender to declare the loan in default on a subjective basis and a lock-box arrangement, whereby remittances to the lock-box automatically pay down the outstanding revolving line of credit. This accounting treatment is required regardless of the legal maturity date of the revolving line of credit arrangement. Our revolving line of credit, which matures on November 13, 2005, contains such features. Accordingly, the Consolidated Financial Statements have been restated to reclassify outstanding borrowings under the revolving line of credit from long-term to current liabilities. This change in balance sheet classification does not affect our Consolidated Statements of Operations or Consolidated Statements of Cash Flows. The following table reflects the effect of the reclassification of the revolving line of credit on our Consolidated Balance Sheets. The revolving line of credit was previously reported in long-term debt on our Consolidated Balance Sheets and has been reclassified to a separate line.

	As Previously Reported		As Restated	
	June 28, 2003	March 31, 2003	June 28, 2003	March 31, 2003
Current Portion of Long-Term Debt	\$ 666	\$ 666	\$	\$
Current Portion of Term Loan	\$	\$	\$ 666	\$ 666
Revolving Line of Credit	\$	\$	\$ 3,990	\$ 5,248
Total Current Liabilities	\$ 6,233	\$ 6,430	\$ 10,223	\$ 11,678
Long-Term Debt, less current portion	\$ 4,532	\$ 5,916	\$	\$
Term Loan, less current portion	\$	\$	\$ 542	\$ 668
Total Liabilities	\$ 12,465	\$ 14,060	\$ 12,465	\$ 14,060

NOTE 3 DEBT

On November 13, 2002, Transcat entered into a new Revolving Credit and Loan Agreement (the Credit Agreement) with GMAC Business Credit, LCC (GMAC). The Credit Agreement expires on November 13, 2005 and replaces our Revolving Credit and Loan Agreement (the Prior Credit Agreement) with Key Bank, N.A. and Citizens Bank (the Banks) originally dated August 3, 1998 and most recently amended on July 12, 2002. The Credit Agreement consists of a term loan and a revolving line of credit (the Loan), the terms of which are as set forth below. The Credit Agreement was amended on April 11, 2003 (First Amendment to Loan and Security Agreement) to address certain non-material post closing conditions.

Under the Credit Agreement, Transcat made a term note in the amount of \$1.5 million in favor of GMAC. This term note requires annual payments totaling \$0.5 million, payable in equal monthly installments, commencing on December 1, 2002. Interest on the term note is payable at our option, at prime plus 0.5% or up to 80% of the Loan at the 30-day LIBOR (London Interbank Offered Rate) plus 3.25%. The prime rate and LIBOR as of July 31, 2003 were 4.00% and 1.10%, respectively. In addition, under the Credit Agreement, we are required to further reduce the term loan, on an annual basis, by 20% of excess cash flow, as defined, not to exceed \$0.2 million per fiscal year. Excess cash flow for the three months ended June 28, 2003 was \$0.2 million.

The maximum amount available under the revolving line of credit portion of the Credit Agreement is \$10 million. As of June 28, 2003, Transcat borrowed \$4.1 million under the revolving line of credit. Availability under the line of credit is determined by a formula based on eligible accounts receivable (85%) and inventory (48%). As of June 28, 2003, availability amounted to \$6.1 million. The Credit Agreement has certain covenants with which we must comply, including a minimum EBITDA (earnings before interest, income taxes, depreciation and amortization) covenant, as well as, restrictions on capital expenditures and Master Catalog spending. We were not in violation of any loan covenants as of

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June 28, 2003. Interest on borrowings under the revolving line of credit is payable monthly, at our option, at prime rate, 4.00% as of July 31, 2003, or up to 80% of the Loan at the 30-day LIBOR, 1.10% as of July 31, 2003, plus 2.75%. Additional terms of the Credit Agreement require an increase in our borrowing rate of two percentage points should an event of default occur and a termination premium of 3% of the maximum available borrowing under the revolving line of credit plus the then outstanding balance owed under the term note if the Credit Agreement is terminated in its first year and 1% if terminated thereafter, prior to November 13, 2005. The Credit Agreement requires both a subjective acceleration clause and a requirement to maintain a lock-box arrangement. These requirements result in a short-term classification of the revolving line of credit in accordance with EITF No. 95-22, as discussed above in Note 2A.

Additionally, we have pledged certain property and fixtures in favor of GMAC, including inventory, equipment, and accounts receivable as collateral security for the loans made under the Credit Agreement.

The Credit Agreement also requires Transcat to make the following principal payments on the term note, excluding any reductions attributable to excess cash flow, as discussed above (in thousands):

Fiscal Year 2004	500
Fiscal Year 2005	500
Fiscal Year 2006	333
	<hr/>
Total	\$1,333
	<hr/>

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Transcat has two reportable segments: Distribution Products (Product) and Calibration Services (Service). Segment data is as follows (in thousands):

	First Quarter Ended	
	June 28, 2003	June 30, 2002
Net Sales:		
Product	\$ 8,024	\$ 9,499
Service	4,570	4,735
Total	<u>12,594</u>	<u>14,234</u>
Gross Profit:		
Product	1,988	2,475
Service	1,120	720
Total	<u>3,108</u>	<u>3,195</u>
Operating Expenses:		
Product	1,519	1,732
Service	1,395	1,370
Total	<u>2,914</u>	<u>3,102</u>
Operating Income (Loss):		
Product	469	743
Service	(275)	(650)
Total	<u>\$ 194</u>	<u>\$ 93</u>

NOTE 5 COMMITMENTS

Transcat entered into a distribution agreement (the Distribution Agreement) with Fluke Electronics Corporation (Fluke) to be the exclusive worldwide distributor of Transmation Products Group (TPG) products until December 25, 2006. Under the Distribution Agreement, we also agreed to purchase a pre-determined amount of inventory from Fluke.

On October 31, 2002, we entered into a new distribution agreement (the New Agreement) with Fluke with an effective date of September 1, 2002, extending through December 31, 2006. Under the terms of the New Agreement, among other items, we agreed to purchase a larger, pre-determined amount of inventory across a broader array of products and brands. We believe that this commitment to future purchases is consistent with our business needs and plans.

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PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits.

See Index to Exhibits. The Index to Exhibits attached to this Form 10-Q/A supplements the Index to Exhibits contained in the 2004 First Quarter Report.

b) Reports on Form 8-K.

The following reports on Form 8-K were filed during the quarter for which this report is filed:

Report dated April 1, 2003 reporting on Item 8. Change in Fiscal Year

Report dated May 19, 2003 reporting on Item 7. Financial Statements and Exhibits and Item 9. Regulation FD Disclosure (Information furnished under Item 12. Results of Operations and Financial Condition)

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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 thereunto duly authorized.

Date: June 17, 2004

TRANSCAT, INC.

/s/ Carl E. Sassano

Carl E. Sassano
Chairman, President and Chief Executive Officer

Date: June 17, 2004

/s/ Charles P. Hadeed

Charles P. Hadeed
Vice President of Finance and Chief Financial Officer

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- (32) Section 1350 Certification