

FREQUENCY ELECTRONICS INC
Form 10-Q
December 17, 2007

**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 October 31, 2007

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 No. 1-8061

FREQUENCY ELECTRONICS, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-1986657
(I.R.S. Employer
Identification No.)

**55 CHARLES LINDBERGH BLVD., MITCHEL FIELD,
N.Y.**

(Address of principal executive offices)

11553

(Zip Code)

Registrant's telephone number, including area code: **516-794-4500**

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. (Check one):

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

APPLICABLE ONLY TO CORPORATE ISSUERS:

The number of shares outstanding of Registrant's Common Stock, par value \$1.00 as of December 10, 2007 - 8,703,219

FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

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FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Condensed Consolidated Balance Sheets

	October 31, 2007 (UNAUDITED)	April 30, 2007 (AUDITED) (NOTE A)
	(In thousands except share data)	
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 7,666	\$ 1,336
Marketable securities	13,193	14,268
Accounts receivable, net of allowance for doubtful accounts of \$169 at October 31 and \$276 at April 30, 2007	17,003	15,626
Inventories	31,843	31,201
Deferred income taxes	3,155	3,075
Income taxes receivable	-	596
Prepaid expenses and other	1,461	1,501
Total current assets	74,321	67,603
Property, plant and equipment, at cost, less accumulated depreciation and amortization	8,409	7,839
Deferred income taxes	2,923	2,945
Goodwill and other intangible assets, net	429	453
Cash surrender value of life insurance	7,055	6,815
Investments in and loans receivable from affiliates	4,489	7,354
Other assets	817	817
Total assets	\$ 98,443	\$ 93,826
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Current liabilities:		
Short-term credit obligations	\$ 8,510	\$ 5,011
Accounts payable - trade	1,978	3,771
Accrued liabilities and other	3,887	3,980
Income taxes payable	213	-
Dividend payable	870	869
Total current liabilities	15,458	13,631
Deferred compensation	8,753	8,669
Deferred gain and other liabilities	577	642
Total liabilities	24,788	22,942
Stockholders' equity:		
Preferred stock - \$1.00 par value	-	-
Common stock - \$1.00 par value	9,164	9,164
Additional paid-in capital	47,670	47,138
Retained earnings	14,461	13,541
	71,295	69,843
Common stock reacquired and held in treasury -at cost, 460,721 shares at October 31, 2007 and 474,693 shares at April 30, 2007	(2,203)	(2,080)

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Accumulated other comprehensive income	4,563	3,121
Total stockholders' equity	73,655	70,884
Total liabilities and stockholders' equity	\$ 98,443	\$ 93,826

See accompanying notes to condensed consolidated financial statements.

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FREQUENCY ELECTRONICS, INC. and SUBSIDIARIES

Condensed Consolidated Statements of Operations

Six Months Ended October 31,
(Unaudited)

	2007	2006
	(In thousands except per share data)	
Net sales	\$ 33,051	\$ 28,634
Cost of sales		