CalAmp Corp.
Form 10-Q
October 06, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended August 31, 2014

or

o **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: 0-12182

CALAMP CORP.

(Exact name of Registrant as specified in its Charter)

Delaware	**95-3647070**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1401 N. Rice Avenue	
Oxnard, California	**93030**
(Address of principal executive offices)	(Zip Code)

(805) 987-9000
(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 x No o

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 files). Yes x No o

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.

Large accelerated filer o Accelerated filer x

Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The number of shares outstanding of the registrant s common stock as of September 17, 2014 was 36,176,599.

CALAMP CORP.
CONSOLIDATED BALANCE SHEETS (Unaudited)
(IN THOUSANDS, EXCEPT PAR VALUE)

Assets	August 31, 2014	February 28, 2014
Current assets:		
Cash and cash equivalents	$ 23,296	$ 19,233
Short-term marketable securities	13,548	8,500
Accounts receivable, less allowance for doubtful accounts of $618 and $761 at August 31, 2014 and February 28, 2014, respectively	38,277	36,904
Inventories	20,175	14,968
Deferred income tax assets	7,508	7,619
Prepaid expenses and other current assets	4,317	5,017
Total current assets	107,121	92,241
Long-term marketable securities	-	518
Property, equipment and improvements, net of accumulated depreciation and amortization	6,795	4,771
Deferred income tax assets, less current portion	31,858	35,131
Goodwill	15,479	15,422
Other intangible assets, net	25,833	29,131
Other assets	3,742	2,051
	$ 190,828	$ 179,265
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 862	$ 1,156
Accounts payable	28,725	20,508
Accrued payroll and employee benefits	4,207	6,594
Deferred revenue	8,405	8,251
Other current liabilities	5,507	5,609
Total current liabilities	47,706	42,118
Long-term debt	238	702
Other non-current liabilities	4,482	3,298
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; 3,000 shares authorized; no shares issued or outstanding	-	-
Common stock, $.01 par value; 80,000 shares authorized; 36,177 and 35,859 shares issued and outstanding at August 31, 2014 and February 28, 2014, respectively	362	359
Additional paid-in capital	205,435	206,154
Accumulated deficit	(67,330)	(73,301)
Accumulated other comprehensive loss	(65)	(65)
Total stockholders' equity	138,402	133,147
	$ 190,828	$ 179,265

See accompanying notes to consolidated financial statements.

CALAMP CORP.
CONSOLIDATED INCOME STATEMENTS (Unaudited)
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2014	**2013**	**2014**	**2013**
Revenues:				
Products	$ 49,015	$ 48,831	$ 98,458	$ 92,914
Application subscriptions and other services	10,195	9,976	19,733	19,639
Total revenues	59,210	58,807	118,191	112,553
Cost of revenues:				
Products	33,864	35,166	68,589	66,611
Application subscriptions and other services	4,850	3,802	8,887	7,622
Total cost of revenues	38,714	38,968	77,476	74,233
Gross profit	20,496	19,839	40,715	38,320
Operating expenses:				
Research and development	5,016	5,296	10,134	10,454
Selling	4,921	4,884	10,098	9,869
General and administrative	3,892	3,418	7,529	7,230
Intangible asset amortization	1,634	1,484	3,317	3,133
Total operating expenses	15,463	15,082	31,078	30,686
Operating income	5,033	4,757	9,637	7,634
Non-operating expense:				
Interest income (expense), net	5	(87)	(96)	(209)
Other income (expense)	(9)	6	5	(41)
Total non-operating expense	(4)	(81)	(91)	(250)
Income before income taxes	5,029	4,676	9,546	7,384
Income tax provision	(1,751)	(1,832)	(3,575)	(2,855)
Net income	$ 3,278	$ 2,844	$ 5,971	$ 4,529
Earnings per share:				
Basic	$ 0.09	$ 0.08	$ 0.17	$ 0.13
Diluted	$ 0.09	$ 0.08	$ 0.16	$ 0.13
Shares used in computing earnings per share:				
Basic	35,732	34,808	35,652	34,687
Diluted	36,472	35,833	36,498	35,748

See accompanying notes to consolidated financial statements.

CALAMP CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(IN THOUSANDS)

	Six Months Ended August 31, 2014	Six Months Ended August 31, 2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 5,971	$ 4,529
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,368	4,015
Stock-based compensation expense	1,756	1,321
Amortization of debt issue costs and discount	280	147
Deferred tax assets, net	3,384	2,796
Other	42	-
Changes in operating assets and liabilities:		
Accounts receivable	(1,418)	(2,976)
Inventories	(5,219)	(567)
Prepaid expenses and other assets	(1,001)	38
Accounts payable	8,217	7,716
Accrued liabilities	(742)	(3,497)
Deferred revenue	154	288
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,792	13,810
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(6,514)	-
Proceeds from maturities of marketable securities	1,942	-
Capital expenditures	(3,094)	(841)
Acquisition net of cash acquired	-	(46,837)
NET CASH USED IN INVESTING ACTIVITIES	(7,666)	(47,678)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from bank term loan, net of repayments	-	2,783
Payment of acquisition-related note and contingent consideration	(1,591)	(486)
Taxes paid related to net share settlement of vested equity awards	(3,013)	(2,991)
Proceeds from exercise of stock options	541	1,139
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	(4,063)	445
Net change in cash and cash equivalents	4,063	(33,423)
Cash and cash equivalents at beginning of period	19,233	63,101
Cash and cash equivalents at end of period	$ 23,296	$ 29,678

See accompanying notes to consolidated financial statements.

CALAMP CORP.
NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTHS ENDED AUGUST 31, 2014 AND 2013

NOTE 1 - DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

CalAmp Corp. ("CalAmp" or the "Company") is a leading provider of wireless communications solutions for a broad array of applications to customers globally. The Company s business activities are organized into its Wireless DataCom and Satellite business segments.

The Company uses a 52-53 week fiscal year ending on the Saturday closest to February 28, which for fiscal 2014, a 52-week year, fell on March 1, 2014. The actual interim periods presented herein ended on August 30, 2014 and August 31, 2013, both consisting of 13 weeks. In the accompanying unaudited consolidated financial statements, the 2014 fiscal year end is shown as February 28 and the interim period end for both years is shown as August 31 for clarity of presentation.

Certain notes and other information are condensed or omitted from the interim financial statements presented in this Quarterly Report on Form 10-Q. Therefore, these financial statements should be read in conjunction with the Company's 2014 Annual Report on Form 10-K as filed with the Securities and Exchange Commission on April 24, 2014.

In the opinion of the Company's management, the accompanying unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring adjustments) considered necessary to present fairly the Company's financial position at August 31, 2014 and its results of operations for the three and six months ended August 31, 2014 and 2013. The results of operations for such periods are not necessarily indicative of results to be expected for the full fiscal year.

All significant intercompany transactions and accounts have been eliminated in consolidation.

Revenue Recognition

The Company recognizes revenue from product sales when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collection of the sales price is reasonably assured. Generally, these criteria are met at the time product is shipped, except for shipments made on the basis of "FOB Destination" terms, in which case title transfers to the customer and the revenue is recorded by the Company when the shipment reaches the customer. Customers generally do not have rights of return except for defective products returned during the warranty period. In the limited number of instances where customers have a right of return period, revenue is not recognized until the expiration of such period. The Company records estimated commitments related to customer incentive programs as reductions of revenues.

The Company provides Software as a Service (SaaS) subscriptions for its fleet management and vehicle finance applications in which customers are provided with the ability to wirelessly communicate with monitoring devices installed in vehicles and other mobile assets via software applications hosted by the Company. The Company defers the recognition of revenue for the monitoring device products that are sold with application subscriptions because the application services are essential to the functionality of the products, and accordingly, the associated product costs are recorded as deferred costs in the balance sheet. The deferred product revenue and deferred product cost amounts are amortized to application subscriptions revenue and cost of revenue on a straight-line basis over the minimum contractual service periods of one year to three years. Revenues from renewals of data communication services after the initial one year term are recognized as application subscriptions revenue when the services are provided. When customers prepay application subscription renewals, such amounts are recorded as deferred revenues and are recognized over the renewal term.

Cash and Cash Equivalents

The Company considers all highly liquid investments with remaining maturities at date of purchase of three months or less to be cash equivalents.

Fair Value Measurements

The Company applies fair value accounting for all financial assets and liabilities and non-financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. The Company defines fair value as the price that would be received from selling an asset or paid to transfer a liability in an orderly manner in an arms-length transaction between market participants at the measurement date. Fair value is estimated by applying the following hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than quoted prices in active markets for identical assets and liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Inputs that are generally unobservable and typically reflect management s estimate of assumptions that market participants would use in pricing the asset or liability.

In accordance with the fair value accounting requirements, companies may choose to measure eligible financial instruments and certain other items at fair value. The Company has elected the fair value option for its investment in marketable securities on contract-by-contract basis at the time each contract is initially recognized in the financial statements.

Reclassifications

Certain amounts in the financial statements of prior year have been reclassified to conform to the fiscal 2015 presentation, with no effect on net income.

NOTE 2 FINANCIAL INSTRUMENTS

Cash, Cash Equivalents and Marketable Securities

The following table summarizes the Company s cash and marketable securities as of August 31, 2014 using the hierarchy described in Note 1 under the heading Fair Value Measurements (in thousands):

				Balance Sheet Classification of Fair Value	
	Adjusted Cost	Unrealized Gains (Losses)	Fair Value	Cash and Cash Equivalents	Short-Term Marketable Securities
Cash	$ 13,897	$ -	$ 13,897	$ 13,897	$ -
Level 1:					
Money market funds	399	-	399	399	-
Level 2:					
U.S. Treasury securities	1,000	-	1,000	-	1,000
Certificates of deposit	500	-	500	-	500
Repurchase agreements	9,000	-	9,000	9,000	-
Commercial paper	12,048	-	12,048	-	12,048

Total	$ 36,844	$ -	$ 36,844	$ 23,296	$ 13,548

NOTE 3 - INVENTORIES

Inventories consist of the following (in thousands):

	August 31, 2014	February 28, 2014
Raw materials	$ 16,332	$ 12,410
Work in process	563	380
Finished goods	3,280	2,178
	$ 20,175	$ 14,968

NOTE 4 GOODWILL AND OTHER INTANGIBLE ASSETS

Changes in goodwill are as follows (in thousands):

	Six Months Ended August 31, 2014	2013
Balance at beginning of period	$ 15,422	$ 1,112
Wireless Matrix acquisition	-	17,192
Purchase price allocation adjustments	57	-
Balance at end of period	$ 15,479	$ 18,304

Other intangible assets are comprised as follows (in thousands):

		August 31, 2014			February 28, 2014		
	Amortization Period	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Supply contract	5 years	$ 2,220	$ 1,025	$ 1,195	$ 2,220	$ 803	$ 1,417
Developed/core technology	2-7 years	16,151	6,030	10,121	16,151	4,886	11,265
Tradename	7 years	2,130	1,065	1,065	2,130	913	1,217
Customer lists	5-7 years	19,438	6,171	13,267	19,438	4,394	15,044
Covenants not to compete	5 years	262	170	92	262	153	109
Patents	5 years	140	47	93	121	42	79
		$ 40,341	$ 14,508	$ 25,833	$ 40,322	$ 11,191	$ 29,131

All intangible asset amortization expense was attributable to the Wireless DataCom business. Estimated future amortization expense for the fiscal years ending February 28 is as follows (in thousands):

Fiscal Year	
2015 (remainder)	$ 3,275
2016	6,549
2017	6,549
2018	6,047
2019	2,733
Thereafter	680
	$ 25,833

NOTE 5 - FINANCING ARRANGEMENTS

Bank Credit Facility

The Company has a credit facility with Square 1 Bank that provides for borrowings up to $15 million or 85% of eligible accounts receivable, whichever is less. The credit facility expires on March 1, 2017. Borrowings under this line of credit bear interest at the bank s prime rate. There were no borrowings outstanding under this credit facility at August 31, 2014 or February 28, 2014.

The Square 1 Bank credit facility contains financial covenants that require the Company to maintain a minimum level of earnings before interest, income taxes, depreciation, amortization and other noncash charges ("EBITDA") and a minimum debt coverage ratio, both measured monthly on a rolling 12-month basis. At August 31, 2014, the Company was in compliance with its debt covenants under the credit facility.

Long-Term Debt

Long-term debt is comprised of the following (in thousands):

	August 31, 2014	February 28, 2014
Note payable to Navman, net of unamortized discount	$ 1,100	$ 1,858
Less portion due within one year	(862)	(1,156)
Long-term debt	$ 238	$ 702

The Navman Wireless (Navman) note is payable in the form of a 15% rebate on certain products sold by CalAmp to Navman under a five-year $25 million supply agreement (the Supply Agreement) that was entered into in May 2012 in conjunction with CalAmp s purchase of a product line from Navman. The unpaid balance of the Navman note would become immediately due and payable upon any termination of the Supply Agreement by the Company before the end of its five-year term (other than as a result of an uncured breach of the Supply Agreement by Navman), except that in the case of such acceleration the note balance would be subordinated to the Company s bank debt pursuant to the provisions of a debt subordination agreement. In the absence of an acceleration event, the Navman note is payable solely in the form of a rebate on products sold by CalAmp to Navman under the Supply Agreement. After all rebates have been applied to pay down the note balance, and assuming that an acceleration event has not occurred, any unpaid balance remaining on the Navman note would be forgiven at the later of May 7, 2017 or the final date to which the Supply Agreement is extended pursuant to a force majeure event. During the six months ended August 31, 2014, the Company made principal payments of $912,000 and amortized $154,000 of the discount on the Navman note.

Other Non-Current Liabilities

Other non-current liabilities consist of the following (in thousands):

	August 31, 2014	February 28, 2014
Deferred revenue	$ 1,863	$ 1,977
Acquisition-related contingent consideration	524	1,092
Deferred compensation	1,786	131
Deferred rent	309	98
	$ 4,482	$ 3,298

The acquisition-related contingent consideration at August 31, 2014 is comprised of the $524,000 non-current portion of the total estimated remaining earn-out of $1,761,000 payable to the sellers in conjunction with the December 2013 acquisition of Radio Satellite Integrators, Inc.

In August 2013, the Company adopted a non-qualified deferred compensation plan in which the executive officers and certain other management employees are eligible to participate whereby such officers and employees may defer a portion of their annual base and/or variable compensation until retirement or a date specified by the employee in accordance with the plan. Deferred compensation plan assets and liabilities as of August 31, 2014 were approximately $1,768,000 and $1,786,000, respectively, and are included in other assets and other non-current liabilities in the accompanying consolidated balance sheet at that date. Effective July 1, 2014, the plan was amended to include restricted stock units as a deferrable form of compensation and to allow non-employee directors to participate in the plan.

NOTE 6 - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and for income tax purposes. The Company evaluates the realizability of its deferred income tax assets and a valuation allowance is provided, as necessary. In assessing this valuation allowance, the Company reviews historical and future expected operating results and other factors, including its recent cumulative earnings experience, expectations of future taxable income by taxing jurisdiction and the carryforward periods available for tax reporting purposes, to determine whether it is more likely than not that deferred tax assets are realizable.

The Company files income tax returns in the U.S. federal jurisdiction, various U.S. states, Canada, the United Kingdom and New Zealand. Income tax returns filed for fiscal years 2009 and earlier are not subject to examination by U.S. federal and state tax authorities. Certain income tax returns for fiscal years 2010 through 2013 remain open to examination by U.S. federal and state tax authorities. Income tax returns for fiscal years 2010 through 2013 remain open to examination by tax authorities in Canada. The Company believes that it has made adequate provision for all income tax uncertainties pertaining to these open tax years.

The effective income tax rate was 37.5% and 38.7% in the six months ended August 31, 2014 and 2013, respectively.

NOTE 7 - EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by dividing net income for the period by the weighted average number of common shares outstanding during the period, plus the dilutive effect of outstanding stock options and restricted stock-based awards using the treasury stock method. The following table sets forth the composition of weighted average shares used in the computation of basic and diluted earnings per share (in thousands):

	Three Months Ended August 31,		Six Months Ended August 31,	
	2014	**2013**	**2014**	**2013**
Basic weighted average number of common shares outstanding	35,732	34,808	35,652	34,687
Effect of stock options, restricted stock and restricted stock units computed on treasury stock method	740	1,025	846	1,061
Diluted weighted average number of common shares outstanding	36,472	35,833	36,498	35,748

Shares underlying stock options of 157,000 and 65,000 at August 31, 2014 and August 31, 2013, respectively, were excluded from the calculations of diluted earnings per share for the three and six month periods then ended because based on the exercise prices of these derivative securities their inclusion would have been anti-dilutive under the treasury stock method.

NOTE 8 STOCK-BASED COMPENSATION

Stock-based compensation expense is included in the following captions of the unaudited consolidated income statements (in thousands):

	Three Months Ended August 31,		Six Months Ended August 31,	
	2014	2013	2014	2013
Cost of revenues	$ 58	$ 42	$ 110	$ 81
Research and development	148	122	283	232
Selling	126	87	239	158
General and administrative	604	439	1,124	850
	$ 936	$ 690	$ 1,756	$ 1,321

Changes in the Company's outstanding stock options during the six months ended August 31, 2014 were as follows (options in thousands):

	Number of Options	Weighted Average Exercise Price
Outstanding at February 28, 2014	1,093	$ 5.04
Granted	61	17.47
Exercised	(111)	4.89
Forfeited or expired	(2)	7.53
Outstanding at August 31, 2014	1,041	$ 5.78
Exercisable at August 31, 2014	867	$ 4.55

Changes in the Company's outstanding restricted stock shares and restricted stock units (RSUs) during the six months ended August 31, 2014 were as follows (shares and RSUs in thousands):

	Number of Shares and RSUs	Weighted Average Grant Date Fair Value
Outstanding at February 28, 2014	1,024	$ 8.02
Granted	329	17.86
Vested	(459)	5.98
Forfeited	(17)	10.30
Outstanding at August 31, 2014	877	$ 12.74

During the six months ended August 31, 2014, the Company retained 171,256 shares of the vested restricted stock and RSUs to satisfy the minimum required statutory amount of employee withholding taxes.

As of August 31, 2014, there was $11.9 million of total unrecognized stock-based compensation cost related to nonvested stock options, restricted stock and RSUs that is expected to be recognized as an expense over a weighted-average remaining vesting period of 3.1 years.

NOTE 9 - CONCENTRATION OF RISK

Because the Company sells into markets dominated by a few large service providers, a significant percentage of consolidated revenues and consolidated accounts receivable relate to a small number of customers. One customer of the Company's Satellite business unit accounted for 15% and 20% of consolidated revenues for the quarters ended August 31, 2014 and 2013, respectively, and accounted for 17% and 22% of consolidated revenues for the respective six-month periods then ended. This customer accounted for 13% and 15% of consolidated net accounts receivable at August 31, 2014 and February 28, 2014, respectively.

A substantial portion of the Company s inventory is purchased from one supplier which functions as an independent foreign procurement agent and contract manufacturer. This supplier accounted for 60% and 64% of Company's total inventory purchases in the six months ended August 31, 2014 and 2013, respectively. As of August 31, 2014, this supplier accounted for 59% of the Company's total accounts payable.

Some of the Company's components, assemblies and electronic manufacturing services are purchased from sole source suppliers.

NOTE 10 - PRODUCT WARRANTIES

The Company generally warrants its products against defects over periods ranging from 3 to 24 months. An accrual for estimated future costs relating to products returned under warranty is recorded as an expense when products are shipped. At the end of each quarter, the Company adjusts its liability for warranty claims based on its actual warranty claims experience as a percentage of revenues for the preceding 12 to 24 months and also considers the impact of the known operational issues that may have a greater impact than historical trends. Accrued warranty costs are included in other current liabilities in the consolidated balance sheets. Activity in the accrued warranty costs liability for the six months ended August 31, 2014 and 2013 is as follows (in thousands):

	Six Months Ended August 31,	
	2014	**2013**
Balance at beginning of period	$ 1,516	$ 1,328
Charged to costs and expenses	792	438
Deductions	(496)	(256)
Balance at end of period	$ 1,812	$ 1,510

NOTE 11 OTHER FINANCIAL INFORMATION

"Net cash provided by operating activities" in the unaudited consolidated statements of cash flows includes cash payments for interest and income taxes as follows (in thousands):

	Six Months Ended August 31,	
	2014	**2013**
Interest expense paid	$ 4	$ 70
Income tax paid	$ 240	$ 36

NOTE 12 - SEGMENT INFORMATION

Segment information for the three and six months ended August 31, 2014 and 2013 is as follows (dollars in thousands):

	Three Months Ended August 31, 2014				Three Months Ended August 31, 2013			
	Operating Segments				Operating Segments			
	Wireless DataCom	Satellite	Corporate Expenses	Total	Wireless DataCom	Satellite	Corporate Expenses	Total
Revenues	$ 50,204	$ 9,006		$ 59,210	$ 47,196	$ 11,611		$ 58,807
Gross profit	$ 18,047	$ 2,449		$ 20,496	$ 17,555	$ 2,284		$ 19,839
Gross margin	35.9%	27.2%		34.6%	37.2%	19.7%		33.7%
Operating income	$ 4,657	$ 1,300	$ (924)	$ 5,033	$ 4,314	$ 1,228	$ (785)	$ 4,757

	Six Months Ended August 31, 2014				Six Months Ended August 31, 2013			
	Operating Segments				Operating Segments			
	Wireless DataCom	Satellite	Corporate Expenses	Total	Wireless DataCom	Satellite	Corporate Expenses	Total
Revenues	$ 98,051	$ 20,140		$ 118,191	$ 88,061	$ 24,492		$ 112,553
Gross profit	$ 35,362	$ 5,353		$ 40,715	$ 33,515	$ 4,805		$ 38,320
Gross margin	36.1%	26.6%		34.4%	38.1%	19.6%		34.0%
Operating income	$ 8,325	$ 3,156	$ (1,844)	$ 9,637	$ 6,680	$ 2,776		