

Symmetry Medical Inc.
Form 10-Q/A
April 24, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

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

For the quarterly period ended March 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 Number: 001-32374

SYMMETRY MEDICAL INC.

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of incorporation or organization)

35-1996126

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

3724 North State Road 15, Warsaw, Indiana

(Address of principal executive offices)

46582

(Zip Code)

(574) 268-2252

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 checkmark 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

Accelerated filer

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

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY

PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

The number of shares outstanding of the registrant's common stock as of April 3, 2008 was 35,466,654.

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Cautionary Note Regarding Forward-Looking Statements

Throughout this Amended Quarterly Report on Form 10-Q/A or in other reports or registration statements filed from time to time with the Securities and Exchange Commission under the Securities Exchange Act of 1934, or under the Securities Act of 1933, as well as in documents we incorporate by reference or in press releases or oral statements made by our officers or representatives, we may make statements that express our opinions, expectations or projections regarding future events or future results, in contrast with statements that reflect historical facts. These predictive statements, which we generally precede or accompany by such typical conditional words such as anticipate, intend, believe, estimate, plan, seek, project, potential, or expect, or by the words may, will, could, or should, and similar expressions or terminology are intended to operate as forward-looking statements of the kind permitted by the Private Securities Litigation Reform Act of 1995. That legislation protects such predictive statements by creating a safe harbor from liability in the event that a particular prediction does not turn out as anticipated.

Forward-looking statements convey our current expectations or forecast future events. While we always intend to express our best judgment when we make statements about what we believe will occur in the future, and although we base these statements on assumptions that we believe to be reasonable when made, these forward-looking statements are not a guarantee of performance, and you should not place undue reliance on such statements. Forward-looking statements are subject to many uncertainties and other variable circumstances, many of which are outside of our control, that could cause our actual results and experience to differ materially from those we thought would occur.

We also refer you to and believe that you should carefully read the Risk Factors portion of our Annual Report for fiscal 2007 on Form 10-K, filed contemporaneously with this Form 10-Q/A, to better understand the risks and uncertainties that are inherent in our business and in owning our securities.

Any forward-looking statements which we make in this report or in any of the documents that are incorporated by reference herein speak only as of the date of such statement, and we undertake no ongoing obligation to update such statements. Comparisons of results between current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

Explanatory Note Regarding Our Restatement

On October 4, 2007, we issued a press release and filed a related Current Report on Form 8-K with the Securities and Exchange Commission (the SEC) in which we announced that, due to the apparent overstatement of revenues by our Sheffield, UK operating unit, it may be necessary for us to restate our financial statements for the periods subsequent to June 2003, and that as a result our historical financial statements for those periods can no longer be relied upon. On November 12, 2007, we issued a press release and filed a related Current Report on Form 8-K with the SEC in which we announced that the potential irregularities in the financial reporting by our Sheffield, UK operating unit also includes the overstatement of inventory and other matters. The Sheffield, UK operating unit is part of our Thornton Precision Components Limited subsidiary.

This Form 10-Q/A reflects the restatement of: i) our previously issued consolidated financial statements for the three months ended April 1, 2006, March 31, 2007 and the year ended December 30, 2006; and ii) Management's Discussion and Analysis, based on the restated quarterly financial information. These adjustments are discussed in Note 2 to the consolidated financial statements. Along with this report, we are filing our amended Quarterly Report on Form 10-Q/A for the second quarter of fiscal 2007 and the delayed third quarter of fiscal 2007 on Form 10-Q as well as our Annual Report for fiscal 2007 on Form 10-K. We do not intend to amend our previously filed Annual Reports on Form 10-K or Quarterly Reports on Form 10-Q for the periods prior to fiscal 2007. The financial information that was presented in previous filings or

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otherwise reported for these periods is amended by the information in our Annual Report for fiscal 2007 on Form 10-K. The financial statements and related financial information contained in such previously filed reports should no longer be relied upon.

Upon discovery of the accounting irregularities, the Audit Committee engaged special legal counsel, who in turn retained independent forensic accountants, to investigate and report to the Audit Committee. That investigation has concluded that the irregularities were isolated to our Sheffield, UK operating unit.

We have quantified the impact of the irregularities identified at our Sheffield, UK operating unit, and are restating our financial statements to correct those irregularities. The restatements correct misstatements within accounts receivable, inventory, accounts payable, property, plant and equipment and the corresponding income tax and profit and loss impact. Furthermore, once the restated financial performance was known, an impairment of goodwill and certain other intangibles at that subsidiary occurred in fiscal 2005. The Audit Committee engaged Ernst & Young LLP to audit our restated consolidated financial statements for fiscal 2005 and 2006, while simultaneously completing its audit of our 2007 fiscal year. Ernst & Young LLP was also engaged to re-review our quarterly consolidated financial statements for fiscal 2006 and 2007. The adjustments made as a result of the restatements are more fully discussed in Note 2 to the consolidated financial statements.

PART I FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****Symmetry Medical Inc.****Condensed Consolidated Balance Sheets**

	March 31, 2007 (Restated) (unaudited)	December 30, 2006 (Restated)
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 6,094	\$ 11,721
Accounts receivables, net	38,909	32,909
Inventories	32,529	33,134
Refundable income taxes	4,635	4,374
Deferred income taxes	3,534	2,826
Other current assets	3,820	3,965
Total current assets	89,521	88,929
Property and equipment, net	103,745	102,907
Goodwill	131,479	129,966
Intangible assets, net of accumulated amortization	35,198	31,613
Other assets	922	981
Total Assets	\$ 360,865	\$ 354,396
Liabilities and Shareholders Equity:		
Current Liabilities:		
Accounts payable	\$ 21,924	\$ 20,683
Accrued wages and benefits	10,168	7,816
Other accrued expenses	4,723	4,104
Income tax payable	751	970
Deferred income taxes	775	249
Derivative valuation liability	546	1,184
Revolving line of credit	2,215	
Current portion of capital lease obligations	2,956	3,500
Current portion of long-term debt	7,837	5,550
Total current liabilities	51,895	44,056
Deferred income taxes	7,599	8,392
Derivative valuation liability	893	549
Capital lease obligations, less current portion	5,400	5,142
Long-term debt, less current portion	59,110	63,650
Total Liabilities	124,897	121,789
Commitments and contingencies (Note 9)		

Shareholders#146