

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 SEPTEMBER 30, 1999

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 1-14962

CIRCOR INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

04-3477276

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

35 CORPORATE DRIVE, BURLINGTON, MA
(Address of principal executive offices)

01803-4230
(Zip Code)

Registrant's telephone number, including area code: (781) 270-1200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of 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 (1)

There were 13,236,877 shares of common stock outstanding as of November 19, 1999.

(1)The registrant has been subject to such filing requirements since October 18, 1999, less than 90 days.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CIRCOR International, Inc.
Combined Balance Sheets
(IN THOUSANDS)

Assets	September 30, 1999 (Unaudited)	June 30, 1999 (Audited)
Current assets:		
Cash and cash equivalents	\$ 4,311	\$ 6,714
Short-term Investments	1,097	-
Accounts receivable, net of allowances of \$2,756 in September, 1999 and \$2,949 in June, 1999	55,497	49,857
Inventories:		
Raw materials	43,875	45,098
Work in process	28,617	23,087
Finished goods	36,840	40,725
Total inventories	109,332	108,910
Deferred income taxes	11,955	11,919
Prepaid expenses and other current assets	5,091	6,817
Total current assets	187,283	184,217
Property, plant and equipment, at cost	147,222	143,877
Accumulated depreciation	(69,837)	(67,195)
Property, plant and equipment, net	77,385	76,682
Goodwill, net of accumulated amortization of \$11,077 in September, 1999 and \$10,353 in June, 1999	96,524	96,900
Other assets	4,426	4,571
Total assets	\$365,618 =====	\$362,370 =====

The accompanying notes are an integral part of the combined financial statements.

CIRCOR International, Inc.
 Combined Balance Sheets
 (IN THOUSANDS)

LIABILITIES AND SHAREHOLDER'S EQUITY	September 30, 1999 (Unaudited)	June 30, 1999 (Audited)
Current liabilities:		
Accounts payable	\$ 20,568	\$ 25,543
Accrued expenses and other current liabilities	18,431	19,448
Accrued compensation and benefits	4,376	5,705
Income taxes payable	2,786	3,275
Current portion of long-term debt	5,548	4,178
	-----	-----
Total current liabilities	51,709	58,149
	-----	-----
Long-term debt, net of current portion	21,847	22,404
Deferred income taxes	10,780	10,766
Other non-current liabilities	7,366	7,675
Minority interest	4,102	4,120
	-----	-----
Shareholder's equity:		
Shareholder's equity	269,946	259,947
Accumulated other comprehensive income	(132)	(691)
	-----	-----
Total shareholder's equity	269,814	259,256
	-----	-----
Total liabilities and shareholder's equity	\$365,618	\$362,370
	=====	=====

The accompanying notes are an integral part of the combined financial statements.

CIRCOR International, Inc.
 Combined Statements of Operations
 (Unaudited)
 (IN THOUSANDS)

For the three months ended
 September 30, 1999 September 30, 1998

Net revenues	\$ 77,713	\$ 80,997
Cost of revenues	54,574	55,167
	-----	-----
Gross profit	23,139	25,830
Selling, general and administrative expenses	17,726	17,580
	-----	-----
Income from operations	5,413	8,250
Other (income) expense:		
Interest income	(22)	(86)
Interest expense	2,154	1,987
Other (income) expense, net	317	(70)
	-----	-----
Total other (income) expense	2,449	1,831
	-----	-----
Income before income taxes	2,964	6,419
Provision for income taxes	1,276	2,713
	-----	-----
Net income	\$ 1,688	\$ 3,706
	=====	=====

The accompanying notes are an integral part of the combined financial statements.

CIRCOR International, Inc.
 Combined Statements of Cash Flows
 (Unaudited)
 (IN THOUSANDS)

For the three months ended
 SEPTEMBER 30, 1999 SEPTEMBER 30, 1998

Cash flows from operating activities:		
Net income	\$ 1,688	\$ 3,706
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation	2,707	2,214
Amortization	779	664
(Gain) loss on disposal of equipment	(33)	7
Change in operating assets & liabilities, net of effects from business acquisitions:		
Accounts receivable	(5,140)	(145)
Inventories	(203)	797
Deferred income taxes	1	105
Prepaid expenses and current assets	2,455	678
Accounts payable	(5,271)	(10,684)
Income taxes payable	(1,047)	(740)
Accrued expenses and other liabilities	(2,746)	(1,241)
	-----	-----
Net cash (used) by operating activities	(6,810)	(4,639)
	-----	-----
Cash flows from investing activities:		
Additions to property, plant and equipment	(3,262)	(907)
Proceeds from sale of assets	45	1,005
Increase in other assets	(335)	-
Business acquisitions, net of cash acquired	-	(64,190)
Net change in short-term investments	(1,075)	-
	-----	-----
Net cash (used) by investing activities	(4,627)	(64,092)
	-----	-----
Cash flows from financing activities:		
Proceeds from long-term borrowings	1,332	1,588
Payments of long-term debt	(811)	(3,013)
Net intercompany activity with Watts Industries, Inc.	8,311	70,969
	-----	-----
Net cash by financing activities	8,832	69,544
	-----	-----
Effect of exchange rate changes on cash and cash equivalent	202	515
	-----	-----
Net increase (decrease) in cash and cash equivalents	(2,403)	1,328
Cash and cash equivalents at beginning of period	6,714	6,241
	-----	-----
Cash and cash equivalents at end of period	\$ 4,311	\$ 7,569
	=====	=====

The accompanying notes are an integral part of the combined financial statements.

CIRCOR International, Inc.
Notes to Combined Financial Statements
September 30, 1999
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

On December 15, 1998 the Board of Directors of Watts Industries, Inc. ("Watts") approved a plan to spin off its industrial, oil and gas businesses as an independent, publicly-traded company through a distribution to its shareholders of all of the outstanding shares of CIRCOR International, Inc. CIRCOR owns the assets and assumed the liabilities of Watts' industrial, oil and gas businesses. The distribution was completed on October 18, 1999, after the appropriate approvals of third parties and the receipt of a private letter ruling from the Internal Revenue Service that the receipt of the Company shares by Watts' shareholders would be tax-free and that no gain or loss would be recognized by Watts or Watts' shareholders on the distribution. However, Watts' shareholders would be subject to tax on gains attributable to cash received in lieu of fractional shares.

Prior to the distribution, CIRCOR obtained an unsecured credit facility which is intended to provide sufficient liquidity for the Company's current funding needs. The unsecured credit facility has a four-year term.

In addition, CIRCOR and Watts entered into several agreements providing for the separation of the companies and governing various relationships between CIRCOR and Watts, including a Distribution Agreement, Supply Agreement, and Tradename License Agreement.

The accompanying unaudited combined financial statements include the accounts of CIRCOR International, Inc. and have been prepared in accordance with generally accepted accounting principles for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the combined financial statements and footnotes included in the Form 10 of CIRCOR International, Inc. (the "Company") for the year ended June 30, 1999.

In the opinion of management, all adjustments considered necessary for a fair presentation of the financial statements have been included. The Company will adopt the calendar year as its fiscal year beginning January 1, 2000. Operating results for the three-month period ended September 30, 1999 are not necessarily indicative of the results that may be expected for the "six month" short year ending December 31, 1999.

NOTE 2 - NEW ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board issues SFAS 133, "Accounting for Derivative Instruments and Hedging Activities". The Company will adopt SFAS 133 no later than January 1, 2001. Its impact on the combined financial statements is still being evaluated, but it is not expected to be material.

NOTE 3 - SEGMENT INFORMATION

The following table presents certain operating segment information:

	(IN THOUSANDS)			
	Instrumentation & Fluid Regulation Products -----	Petrochemical Products -----	Corporate -----	Total -----
Three months ended September 30, 1999				
Net revenue	\$41,436	\$36,277	\$ -	\$77,713
Operating income (loss)	3,863	3,258	(1,708)	5,413
Three months ended September 30, 1998				
Net revenue	\$40,304	\$40,693	\$ -	\$80,997
Operating income (loss)	5,319	4,449	(1,518)	8,250

The above operating segments are presented on a basis consistent with the presentation included in the Company's June 30, 1999 financial statements. There have been no material changes in the identifiable assets of the individual segments since June 30, 1999.

NOTE 4 - COMPREHENSIVE INCOME

As of July 1, 1998, the Company adopted SFAS No. 130 "Reporting Comprehensive Income", which established standards for the reporting and display of comprehensive income and its components in the Financial statements. The Company's other comprehensive income consists solely of cumulative translation adjustments. The Company does not provide U.S. income taxes on foreign currency translation adjustments since it does not provide for such taxes on undistributed earnings of foreign subsidiaries. Comprehensive income for the three months ended September 30, 1999 and 1998 were as follows:

	(IN THOUSANDS)	
	1999 ----	1998 ----
Net income	\$1,688	\$3,706
Foreign currency translation adjustments	559	920
	-----	-----
Total comprehensive income	\$2,247 =====	\$4,626 =====

NOTE 5 - CONTINGENCIES AND ENVIRONMENTAL REMEDIATION

CONTINGENCIES

The Company has lawsuits and proceedings or claims arising from the ordinary course of business pending or threatened. The Company has established reserves which management presently believes are adequate in light of probable and estimable exposure to the pending or threatened litigation of which it has knowledge. Such contingencies are not expected to have a material effect on financial position, results of operations, or liquidity of the Company.

ENVIRONMENTAL REMEDIATION

The Company has been named a potentially responsible party with respect to identified contaminated sites. The level of contamination varies significantly from site to site as do the related levels of remediation efforts. Environmental liabilities are recorded based on the most probable cost, if known, or on the estimated minimum cost of remediation. The Company's accrued estimated environmental liabilities are based on assumptions which are subject to a number of factors and uncertainties. Circumstances which can affect the reliability and precision of these estimates include identification of additional sites, environmental regulations, level of cleanup required, technologies available, number and financial condition of other contributors to remediation and the time period over which remediation may occur. The Company recognizes changes in estimates as new remediation requirements are defined or as new information becomes available. The Company estimates that its accrued environmental remediation liabilities will likely be paid over the next five to ten years. Such environmental remediation contingencies are not expected to have a material effect on the financial position, results of operation, or liquidity of the Company.

CIRCOR International, Inc.
 Unaudited Pro Forma Condensed Combined Balance Sheet
 September 30, 1999
 (IN THOUSANDS)

	Historical -----	Pro Forma Adjustments -----	Pro Forma -----
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,311	\$ -	\$ 4,311
Short-term investments	1,097	-	1,097
Accounts receivable, net	55,497	-	55,497
Inventories, net	109,332	-	109,332
Other assets	17,046	-	17,046
	-----		-----
TOTAL CURRENT ASSETS	187,283	-	187,283
Property, plant and equipment, net	77,385	-	77,385
Goodwill, net	96,524	-	96,524
Other assets	4,426	-	4,426
	-----		-----
TOTAL ASSETS	\$365,618 =====	\$ - =====	\$365,618 =====
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 20,568	\$ -	\$ 20,568
Accrued expenses and other current liabilities	22,807	-	22,807
Income taxes payable	2,786	-	2,786
Current portion of long-term debt	5,548	-	5,548
	-----		-----
TOTAL CURRENT LIABILITIES	51,709	-	51,709
Long term debt, net of current portion	21,847	96,000 (a)	117,847
Deferred income taxes	10,780	-	10,780
Other non-current liabilities	11,468	-	11,468
SHAREHOLDER'S EQUITY			
Common stock	-	132	132
Additional paid-in capital	-	173,814 (a)	173,814
Accumulated other comprehensive income	(132)	-	(132)
Shareholder's Equity	269,946	(269,946)	-
	-----		-----
TOTAL SHAREHOLDER'S EQUITY	269,814	(96,000)	173,814 (f)
	-----		-----
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	\$365,618 =====	\$ - =====	\$365,618 =====

CIRCOR International, Inc.
 Unaudited Pro Forma Combined Statement of Operations
 For Three Months Ended September 30, 1999
 (IN THOUSAND EXCEPT PER SHARE DATA)

	Historical -----	Pro Forma Adjustments -----	Pro Forma -----
Net revenues	\$ 77,713	\$ -	\$ 77,713
Cost of revenues	54,574	-	54,574
	-----	-----	-----
GROSS PROFIT	23,139	-	23,139
Selling, general and administrative expenses	17,726	51 (b)	17,777
	-----	-----	-----
INCOME FROM OPERATIONS	5,413	(51)	5,362
Other (income) expense:			
Interest income	(22)	-	(22)
Interest expense	2,154	269 (c)	2,423
Other expense, net	317	-	317
	-----	-----	-----
Income before income taxes	2,964	(320)	2,644
Provision for income taxes	1,276	(128)(d)	1,148 (f)
	-----	-----	-----
NET INCOME	\$ 1,688	\$ (192)	\$ 1,496
	=====	=====	=====
Net income per share-basic (e)	\$.13	\$ (.02)	\$.11
	=====	=====	=====
Net income per share-diluted (e)	\$.13	\$ (.02)	\$.11
	=====	=====	=====

CIRCOR International, Inc.
Notes to Unaudited Pro Forma Combined Financial Information
September 30, 1999

- Note (a) To record a \$96.0 million payment made to Watts by CIRCOR on October 18, 1999, which settled all inter-company loans and advances. The net debt allocated to CIRCOR and included in the Combined Balance Sheet amounted to \$99.1 million at September 30, 1999.
- Note (b) To record estimated additional administrative expenses that would have been incurred by CIRCOR as a publicly held, independent company. CIRCOR would have incurred additional compensation and related costs for employees to perform functions that have been performed at Watts' corporate headquarters (i.e., treasury, investor relations, regulator compliance and risk management). CIRCOR would have also incurred additional amounts for corporate governance costs, stock transfer agent costs, incremental professional fees and other administrative activities. Approximately \$51,000 of such incremental costs are expected above the \$1,533,000 of general and administrative expenses allocated from Watts.
- Note (c) Historical interest expense includes \$1,594,000 of interest expense allocated from Watts to CIRCOR. Pro forma interest expense includes \$1,863,000 of interest expense on borrowings under the CIRCOR credit facility and from the issuance of senior unsecured notes. The borrowings under the CIRCOR credit facility and senior unsecured notes are assumed to bear an annualized interest rate, including amortization of related fees, of 7.3%, which is management's estimate of the currently available rate for borrowings under comparable credit facilities. The interest rates applicable to borrowings under the CIRCOR credit facility will continue to be subject to changes in the general financial markets interest rates. The historical allocation of Watts' interest expense was based on Watts' weighted average interest rate applied to the average balance of investments by and advances from Watts to CIRCOR.
- Note (d) To record income tax benefits attributable to adjustments (b) and (c) at a combined federal and state rate of 40%.
- Note (e) Pro forma earnings per share information is based upon the weighted average number of common and common equivalent shares used by Watts to determine its earnings per share for the respective periods, adjusted in accordance with the distribution ratio (one share of CIRCOR Common Stock for every two shares of Watts Common Stock held). The pro forma number of common and common equivalent shares for the period ended September 30, 1999 are 13,223,968 for basic and 13,262,706 for diluted.
- Note (f) Amended to report the correct pro forma amounts. The total/extension amounts were incorrectly reported in the original 10-Q filed December 2, 1999.

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.

CIRCOR INTERNATIONAL, INC.

DECEMBER 17, 1999 /S/ DAVID A. BLOSS, SR. .

Date David A. Bloss, Sr.
Chairman, President and Chief Executive Officer

DECEMBER 17, 1999 /S/ COSMO S. TRAPANI .

Date Cosmo S. Trapani
Senior Vice President, Chief Financial Officer
And Treasurer
Chief Financial and Accounting Officer