MESA LABORATORIES INC /CO
Form 10QSB
November 09, 2004

Form 10-QSB

U.S. Securities and Exchange Commission

Washington, D.C. 20549

Form 10-QSB

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

OR

[ ] TRANSITION REPORT UNDER SECTION 13 OR 15 (d) OF THE EXCHANGE ACT

For the transition period from ____________ to ____________

Commission File Number 0-11740

MESA LABORATORIES, INC.

(Exact Name of Small Business Issuer as Specified in its Charter)

COLORADO	**84-0872291**
(State or other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
12100 WEST SIXTH AVENUE, LAKEWOOD, COLORADO	**80228**
(Address of Principal Executive Offices)	(Zip Code)

Issuer's telephone number, including area code: (303) 987-8000

Check whether the Issuer (1) filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act, during the past 12 months and (2) has been subject to the filing requirements for the past 90 days. Yes X No ___.

State the number of shares outstanding of each of the Issuer's classes of common stock, as of the latest practicable date:

There were 3,079,548 shares of the Issuer's common stock, no par value, outstanding as of September 30, 2004.

ITEM 1. FINANCIAL STATEMENTS FORM 10-QSB

MESA LABORATORIES, INC.
BALANCE SHEETS
(UNAUDITED)

ASSETS	SEPT 30, 2004	MARCH 31, 2004
CURRENT ASSETS		
Cash and Cash Equivalents	$ 5,534,000	$ 4,670,000
Short-term Investments	1,987,000	2,098,000
Accounts Receivable, Net	1,530,000	1,603,000
Inventories	2,043,000	2,099,000
Prepaid Expenses and Other	300,000	267,000
TOTAL CURRENT ASSETS	11,394,000	10,737,000
PROPERTY, PLANT & EQUIPMENT, NET	1,243,000	1,285,000
OTHER ASSETS		
Goodwill and Other	4,208,000	4,208,000
TOTAL ASSETS	$16,845,000	$16,230,000

LIABILITIES AND STOCKHOLDERS' EQUITY	SEPT 30, 2004	MARCH 31, 2004
CURRENT LIABILITIES		
Accounts Payable	$ 120,000	$ 110,000
Accrued Salaries & Payroll Taxes	342,000	409,000
Other Accrued Expenses	84,000	68,000
Taxes Payable	43,000	70,000
TOTAL CURRENT LIABILITIES	589,000	657,000
LONG TERM LIABILITIES		
Deferred Income Taxes Payable	189,000	189,000
STOCKHOLDERS' EQUITY		
Preferred Stock, No Par Value	-	-
Common Stock, No Par Value; authorized 8,000,000 shares; issued and outstanding, 3,079,548 shares (9/30/04) and 3,072,815 shares (3/31/04)	1,306,000	1,330,000
Retained Earnings	14,761,000	14,054,000
TOTAL STOCKHOLDERS' EQUITY	16,067,000	15,384,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$16,845,000	$16,230,000

MESA LABORATORIES, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months	Three Months

	Ended Sept. 30, 2004	Ended Sept. 30, 2003
Sales	$2,337,000	$2,276,000
Cost of Goods Sold	886,000	902,000
Selling, General & Administrative	556,000	479,000
Research and Development	76,000	83,000
Other (Income) and Expenses	(22,000)	(11,000)
	1,496,000	1,453,000
Earnings Before Income Taxes	841,000	823,000
Income Taxes	293,000	295,000
Net Income	$ 548,000	$ 528,000
Net Income Per Share (Basic)	$ .18	$ .17
Net Income Per Share (Diluted)	$ .17	$ .17
Average Common Shares Outstanding (Basic)	3,072,000	3,052,000
Average Common Shares Outstanding (Diluted)	3,176,000	3,180,000

MESA LABORATORIES, INC.
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Six Months Ended Sept. 30, 2004	Six Months Ended Sept. 30, 2003
Sales	$4,876,000	$4,529,000
Cost of Goods Sold	1,822,000	1,708,000
Selling, General & Administrative	1,118,000	1,064,000
Research and Development	170,000	150,000
Other (Income) and Expenses	(37,000)	(23,000)
	3,073,000	2,899,000
Earnings Before Income Taxes	1,803,000	1,630,000
Income Taxes	629,000	578,000

Net Income	$1,174,000	$1,052,000
Net Income Per Share (Basic)	$ .38	$ .34
Net Income Per Share (Diluted)	$ .37	$ .33
Average Common Shares Outstanding (Basic)	3,072,000	3,066,000
Average Common Shares Outstanding (Diluted)	3,167,000	3,167,000

MESA LABORATORIES, INC.
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended Sept. 30, 2004	Six Months Ended Sept. 30, 2003
Cash Flows From Operating Activities:		
Net Income	$1,174,000	$1,052,000
Depreciation and Amortization	47,000	51,000
Change in Assets and Liabilities-		
(Increase) Decrease in Accounts Receivable	73,000	561,000
(Increase) Decrease in Inventories	56,000	121,000
(Increase) Decrease in Prepaid Expenses	(33,000)	76,000
Increase (Decrease) in Accounts Payable	10,000	(21,000)
Increase (Decrease) in Accrued Liabilities	(78,000)	(68,000)
Net Cash Provided by Operating Activities	1,249,000	1,772,000
Cash Flows From Investing Activities:		
(Increase) Decrease in Short-term Investments	111,000	-
Capital Expenditures, Net of Retirements	(5,000)	(16,000)
Net Cash (Used) Provided by Investing Activities	106,000	(16,000)
Cash Flows From Financing Activities:		
Dividends Paid	(308,000)	-
Treasury Stock Purchases	(252,000)	(517,000)
Proceeds From Stock Options Exercised	69,000	20,000
Net Cash (Used) Provided by Financing Activities	(491,000)	(497,000)
Net Increase (Decrease) In Cash and Equivalents	864,000	1,259,000
Cash and Cash Equivalents at Beginning of Period	4,670,000	4,761,000

Cash and Cash Equivalents at End of Period	$5,534,000	$6,020,000

MESA LABORATORIES, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2004 AND 2003

NOTE A. SUMMARY OF ACCOUNTING POLICIES

The summary of the Issuer's significant accounting policies are incorporated by reference to the Company's annual report on Form 10KSB, at March 31, 2004.

The accompanying unaudited condensed financial statements reflect all adjustments which, in the opinion of management, are necessary for a fair presentation of the results of operations, financial position and cash flows. The results of the interim period are not necessarily indicative of the results for the full year.

NOTE B. STOCK BASED COMPENSATION

The Company has stock based compensation plans, which are described more fully in Note 7 of the Company's annual report on Form 10KSB, at March 31, 2004. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards in fiscal 2005 and 2004 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share for the fiscal second quarter and year-to-date would have been reduced to the pro forma amounts indicated below:

	Three Months Ended September 30,		Six Months Ended September 30,	
	2004	2003	2004	2003
Net income - as reported	$ 548,000	$ 528,000	$1,174,000	$1,052,000
Less: Total stock based employee compensation expense determined under fair value based method for all awards, Net of related tax effects	$ 68,000	$ -	$ 68,000	$ 62,000
Net income - pro forma	$ 480,000	$ 528,000	$1,106,000	$ 990,000
Income per basic share - as reported	$ .18	$ .17	$ .38	$ .34
Income per basic share - pro forma	$ .16	$ .17	$ .36	$ .32
Income per diluted share - as reported	$ .17	$ .17	$ .37	$ .33
Income per diluted share - pro forma	$ .15	$ .17	$ .35	$ .31

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants: dividend yield of 3.59% (2005) and 0% (2004); expected volatility of approximately 19% (2005) and 14% (2004); discount rate of 3.74% to 4.62% (2005)and 3.0% (2004); and expected lives of 5 to 10 years.

Overview

Mesa Laboratories, Inc. manufactures and distributes electronic measurement systems for various niche applications, including renal treatment, food processing, medical sterilization, pharmaceutical processing and other industrial applications. Our Company follows a philosophy of manufacturing a high quality product and providing a high level of on-going service for those products. In order to optimize the performance of our Company and to build the value of the Company for its shareholders, we continually follow the trend of various key financial indicators. A sample of some of the most important of these indicators is presented in the following table.

Key Financial Indicators
For The Six Month Ended September 30,

	2004	2003	2002	2001
Cash and Investments	$7,521,000	$6,020,000	$4,684,000	$2,295,000
Trade Receivables	$1,553,000	$1,686,000	$2,043,000	$2,786,000
Days Sales Outstanding	58	62	72	112
Inventory	$2,043,000	$2,208,000	$2,487,000	$2,464,000
Inventory Turns	1.8	1.6	1.4	1.5
Working Capital	$10,804,000	$9,607,000	$9,017,000	$7,173,000
Current Ratio	19:1	20:1	16:1	15:1
Average Return On:				
Stockholder Investment(1)	14.9%	14.2%	15.1%	16.9%
Assets	14.2%	13.7%	14.3%	16.0%
Invested Capital (2)	26.8%	22.2%	21.1%	20.4%
Net Sales	$4,876,000	$4,529,000	$4,484,000	$4,729,000
Gross Profit	$3,055,000	$2,821,000	$2,794,000	$2,892,000
Gross Margin	63%	62%	62%	61%
Operating Income	$1,766,000	$1,607,000	$1,590,000	$1,573,000
Operating Margin	36%	36%	36%	33%
Net Profit	$1,174,000	$1,052,000	$1,081,000	$1,104,000
Net Profit Margin	24%	23%	24%	23%
Earnings Per Diluted Share	$ .37	$ .33	$ .32	$ .32
Capital Expenditures(Net)	$ 5,000	$ 16,000	$ 56,000	$ 6,000
Head Count	47.5	47.5	46.5	52.5
Sales Per Employee (Annualized)	$ 205,000	$ 191,000	$ 193,000	$ 180,000

(1) Average return on stockholder investment is calculated by dividing total net income by the average of end of period and beginning of year total stockholder's equity.

(2) Average return on invested capital (invested capital = total assets - current liabilities - cash and short-term investments) is calculated by dividing total net income by the average of end of period and beginning of year invested capital.

While we continually try to optimize the overall performance and trends, the table above does highlight various exceptions. These exceptions are usually influenced by a more important need. A review of the table above shows a very high Trade Receivables balance and high Days Sales Outstanding in fiscal 2001. At the time that these indicators were showing below average performance, we had recently completed the acquisition of Automata Instruments, Inc., and a large amount of our administrative resources were being focused on improvements to systems, work flows and new customer satisfaction.

Results of Operations

Net Sales

Net sales for the second quarter of fiscal 2005 increased three percent from fiscal 2004. In real dollars, net sales of $2,337,000 in fiscal 2005 increased $61,000 from $2,276,000 in 2004.

Net sales for the first six months of fiscal 2005 increased eight percent from fiscal 2004. In real dollars, net sales of $4,876,000 in fiscal 2005 increased $347,000 from $4,529,000 in 2004.

Our revenues come from two main sources, which include product revenues and parts and service revenues. Parts and service revenues are derived from on-going repair and recalibration or certification of our products. The certification or recalibration of product is usually a key component of the customer's own quality system and many of our customers operate in regulated industries, such as food processing or medical and pharmaceutical processing. For this reason, these revenues tend to be fairly stable and grow slowly over time. During the six months of fiscal years 2005 and 2004 our Company had parts and service revenue of $1,414,000 and $1,317,000. As a percentage of total revenue, parts and service revenues were 29% in 2005 and 29% in 2004.

The performance of new product sales is dependent on several factors, including general economic conditions in the United States and abroad, capital spending trends and the introduction of new products. Over the past two fiscal years, general economic conditions have been starting to improve, and capital spending has also been improving. New products released to the market over the past two fiscal years include the Datatrace Micropack III temperature loggers during the middle of fiscal 2003 and the Datatrace Micropack III humidity and pressure loggers at the end of fiscal 2004. All three loggers, temperature, humidity and pressure, utilize a common PC Interface system and operating software. For this reason, we believe that some customer purchasing decisions were probably delayed into fiscal 2005, as those customers awaited introduction of the humidity and pressure loggers. For the first six months of fiscal years 2005 and 2004 product sales for our company were $3,462,000 and $3,212,000.

Over the fiscal second quarter and six month periods, our medical revenues increased 14 percent 13 percent compared to the prior periods. This increase was due to higher sales of meters, solutions and service. Currently, research and development efforts are in process to further enhance this line of products.

During the fiscal second quarter and six month periods, sales of the Datatrace brand of products decreased four percent for the quarter and increased two percent over the prior year. At the end of fiscal 2004, we released our latest version of user software and shipped initial units of the Micropack III humidity and pressure loggers to customers. These new products will allow customers who measure more than one parameter in their process to program and retrieve data from the same PC Interface device. During April the company began introduction of its new 4-20 milliamp logger. This user scalable logging device is completely new and will allow users to log the 4-20 milliamp output of various fixed monitors within their process and correlate that data to the product data collected by our loggers. In this way the user may bring additional data parameters into their analysis without compromising data integrity as required by various regulatory bodies.

During the fiscal second quarter and six month periods, sales of the Nusonics line of ultrasonic fluid measurement systems decreased by 26 percent and increased by nine percent compared to the prior year periods. At this time, Nusonics products still contribute less than 10 percent of our total sales.

Cost of Sales

Cost of sales as a percent of net sales during the second fiscal quarter decreased 1.7 percent from fiscal 2004 to 37.9 percent. For the first six months of the fiscal year, cost of sales as a percent of net sales decreased 0.3 percent to 37.4 percent of sales. Most of our products enjoy gross margins in excess of 55%. Due to the fact that the dialysis products have sales concentrations to several companies that maintain large chains of treatment centers, the products that are sold to the renal market tend to be slightly more price sensitive than the data logging products. Therefore, shifts in product mix toward higher sales of Datatrace logging products will tend to produce lower cost of good sold expense and higher gross margins while shifts toward higher sales of medical products will normally produce the opposite effect on cost of goods sold expense and gross margins.

Over the current fiscal quarter, our Company experienced a higher growth rate in its medical sales which was off-set by a sharper decline in Nusonics products, which led to a slight decrease in cost of goods sold expense as a percent of sales compared to the prior year period.

Selling, General and Administrative

General and administrative expenses tend to be fairly fixed and stable from year-to-year. To the greatest extent possible, we work at containing and minimizing these costs. In the second quarter increasing costs for Sarbanes-Oxley Act compliance and the timing of shareholder relation expenses for the Company's Annual Meeting have combined to increase Administration costs at a higher rate. Total administrative costs were $239,000 for the fiscal first quarter and $187,000 in the prior year quarter, which represents a $52,000 or 28 percent increase from fiscal 2004 to fiscal 2005. Higher shareholder relation costs and auditor's fees during the quarter accounted for much of the increase during the quarter. For the first six months of the fiscal year, administrative costs were $483,000 and $422,000 in the prior year period, which represents a $61,000 or 14 percent increase from fiscal 2004 to fiscal 2005. Most of this increase was incurred during the current quarter.

Our selling and marketing costs tend to be far more variable in relation to sales, although there are various exceptions. Some of these exceptions include the introduction of new products and the mix of international sales to domestic sales. For a product line experiencing introduction of a new product, costs will tend to be higher as a percent of sales due to higher advertising costs and sales training programs. Our Company's international sales are usually discounted and recorded at the net discounted price, so that a change in mix between international and domestic sales may influence sales and marketing costs. One other major influence on sales and marketing costs is the mix of domestic medical sales to all other domestic sales. Domestic medical sales are made by direct telemarketing representatives, which gives us a lower cost structure, when compared to the independent representative sales channels utilized by our other products.

In dollars, selling costs were $317,000 in the second fiscal quarter and $292,000 in the same prior year quarter. As a percent of sales, selling cost were 13.6% in the current quarter and 12.8% in the prior year quarter. In dollars, selling costs were $635,000 in the first six months of the current fiscal year and $642,000 in the same prior year period. As a percent of sales, selling cost were 13.0% in the current period and 14.2% in the prior year period. During the current fiscal quarter, most of the increase in selling expense was due to increased costs associated with the Datatrace logging products and is specifically associated with increased advertising and promotion costs for those products. For the six month period, sales and marketing costs were almost unchanged.

On October 11, 2004 Mr. John Sullivan, Ph.D., took over the newly created position of Vice President of Sales and Marketing. John brings 15 years of experience in various marketing management, business unit management and merger and acquisition leadership positions at Varian, Inc. to Mesa Labs. His experience will be very instrumental to our strategy of expanding sales through both product line and sales channel expansion, as well as, through acquisition of complimentary product lines. Due to the hiring of John, recruiting, compensation and other marketing costs are expected to increase during the second half of the current fiscal year, but at this time we cannot project how much of this cost may be off-set by higher revenues.

Research and Development

Company sponsored research and development cost was $76,000 during the second fiscal quarter and $83,000 during the previous year period. For the first six months of the current fiscal year costs were $170,000 during the current period and compared to $150,000 during the prior year period. While cost for research and development are up for the year-to-date, the quarter costs were down due to decreased consulting and material costs. We are currently trying to execute a strategy of increasing the flow of internally developed products. This strategy has led to the introduction of two new Datatrace logging products in fiscal 2004 and a third Datatrace logging product early in fiscal 2005. Work has also begun on a new generation of our dialysate meter line of products.

Net Income

Net income increased four percent to $548,000 or $.17 per share on a diluted basis during the second quarter from $528,000 or $.17 per share on a diluted basis in the previous year period. Net income increased 12 percent to $1,174,000 or $.37 per share on a diluted basis for the current six month period from $1,052,000 or $.33 per share on a diluted basis in the previous year period. Net income growth was due primarily to the increase in revenues.

Liquidity and Capital Resources

On September 30, 2004, we had cash and short term investments of $7,521,000. In addition, we had other current assets totaling $3,873,000 and total current assets of $11,394,000. Current liabilities of our Company were $589,000 which resulted in a current ratio of 19:1.

Our Company has made capital acquisitions of $5,000 during the first six months of the current fiscal year. We have instituted a program to repurchase up to 300,000 shares of our outstanding common stock. Under the plan, the shares may be purchased from time to time in the open market at prevailing prices or in negotiated transactions off the market. Shares purchased will be canceled and repurchases will be made with existing cash reserves. We do not maintain a set policy or schedule for our buyback program. Most of our stock buybacks have occurred during periods when the price to earnings multiple has been near historical low points, or during times when selling activity in the stock is out of balance with buying demand.

On November 12, 2003 our Board of Directors instituted a policy of paying regular quarterly dividends. On June 15, 2004 and September 15, 2004, quarterly dividends of $.05 per common share were paid to shareholders of record on June

1, 2004 and September 1, 2004.

Our Company invests its surplus capital in various interest bearing instruments, including money market funds, short-term treasuries and municipal bonds. All investments are fixed dollar investments with variable rates in order to minimize the risk of principal loss. In some cases, additional guarantees of the investment principal are provided in the form of bank letters of credit.

The Company does not currently maintain a line of credit or any other form of debt. Nor does the Company guarantee the debt of any other entity. The Company has maintained a long history of surplus cash flow from operations. This surplus cash flow has been used in the past to fund acquisitions and stock buybacks and is currently being partially utilized to fund our on-going dividend. If interesting candidates come to our attention, we may choose to pursue new acquisitions.

Contractual Obligations

At September 30, 2004 our only contractual obligations were open purchase orders for routine purchases of supplies and inventory, which would be payable in less than one year.

Forward Looking Statements

All statements other than statements of historical fact included in this annual report regarding our Company's financial position and operating and strategic initiatives and addressing industry developments are forward-looking statements. Where, in any forward-looking statement, the Company, or its management, expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the statement of expectation or belief will result or be achieved or accomplished. Factors which could cause actual results to differ materially from those anticipated, include but are not limited to general economic, financial and business conditions; competition in the data logging market; competition in the kidney dialysis market; competition in the fluid measurement market; the discontinuance of the practice of dialyzer reuse; the business abilities and judgment of personnel; the impacts of unusual items resulting from ongoing evaluations of business strategies; and changes in business strategy. We do not intend to update these forward looking statements. You are advised to review the "Additional Cautionary Statements" provided in our Company's most recent Form 10-KSB filing with the SEC for more information about risks that could affect the financial results of Mesa Laboratories, Inc.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ materially from those estimates.

We believe that there are several accounting policies that are critical to understanding the Company's historical and future performance, as these policies affect the reported amounts of revenue and the more significant areas involving management's judgments and estimates. These significant accounting policies relate to revenue recognition, research and development costs, valuation of inventory, and valuation of long-lived assets. These policies, and the Company's procedures related to these policies, are described in detail below.

Revenue Recognition

We sell our products directly through our sales force and through distributors.

Revenue from direct sales of our product is recognized upon shipment to the customer. Revenue from ongoing product service and repair is fully recognized upon completion and shipment of serviced product.

Research & Development Costs

Research and development activities consist primarily of new product development and continuing engineering on existing products. Costs related to research and development efforts on existing or potential products are expensed as incurred.

Valuation of Inventories

Inventories are stated at the lower of cost or market, using the first-in, first-out method (FIFO) to determine cost. The Company's policy is to periodically evaluate the market value of the inventory and the stage of product life cycle, and record a reserve for any inventory considered slow moving or obsolete.

Valuation of Long-Lived Assets and Goodwill

The Company assesses the realizable value of long-lived assets and goodwill for potential impairment at least annually or when events and circumstances warrant such a review. The carrying value of a long-lived asset is considered impaired when the anticipated fair value is less than its carrying value. In assessing the recoverability of our long-lived assets and goodwill, we must make assumptions regarding estimated future cash flows and other factors to determine the fair value of the respective assets. In addition, we must make assumptions regarding the useful lives of these assets.

The above listing is not intended to be a comprehensive list of all of our accounting policies. In many cases, the accounting treatment of a particular transaction is specifically dictated by accounting principles, generally accepted in the United States of America, with no need for management's judgment in their application. There are also areas in which management's judgment in selecting any viable alternative would not produce a materially different result. See our audited financial statements and notes thereto which begin at "Item 7. Financial Statements" of this Annual Report on Form 10-KSB which contain accounting policies and other disclosures required by accounting principles, generally accepted in the United States of America.

ITEM 4. Controls and Procedures

a. Evaluation of Disclosure Controls and Procedures. The Company's Chief Executive Officer and Chief Financial Officer, have evaluated the effectiveness of the Company's disclosure controls and procedures (as such term is defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of a date within 90 days prior to the filing date of this quarterly report (the Evaluation Date). Based on such evaluation, such officers have concluded that, as of the Evaluation Date, the Company's disclosure controls and procedures are effective in alerting them, on a timely basis, to material information relating to the Company(including its consolidated subsidiaries) required to be included in the Company's periodic filings under the Exchange Act.

b. Changes in Internal Controls. Since the Evaluation Date, there have not been any significant changes in the Company's internal controls or in other factors that could significantly affect such controls.

PART II-OTHER INFORMATION

ITEM 2. Changes in securities, use of proceeds and issuer purchases of equity securities

We made the following repurchases of our common stock, by month, within the second quarter of the fiscal year covered by this report:

	Shares Purchased	Avg. Price Paid	Total Share Purchased as Part of Publicly Announced Plan	Remaining Shares to Purchase Under Plan
July 1-31, 2004	11,000	$ 10.11	74,267	225,733
Aug. 1-31, 2004	4,445	$ 10.12	78,712	221,288
Sept. 1-30, 2004	100	$ 11.03	78,812	221,188
Total Second Qtr.	15,545	$ 10.12		

On June 19, 2003, the Board of Directors of Mesa Laboratories, Inc. adopted a share repurchase plan which allows for the repurchase of up 300,000 of the company's common shares. This plan will continue until the maximum is reached or the plan is terminated by further action of the Board.

ITEM 6. Exhibits and reports on Form 8-K

a) Exhibits:

31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

b) Reports on Form 8-K:

On August 13, 2004, we furnished a report on Form 8-K under Item 9, Regulation FD Disclosure, to announce that we issued a press release on August 10, 2004 announcing preliminary results for the first quarter period ended June 30, 2004, and filed under Item 7, Financial Statements and Exhibits, a copy of the press release dated August 10, 2004.

MESA LABORATORIES, INC.

SEPTEMBER 30, 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MESA LABORATORIES, INC.

(Issuer)

DATED: November 9, 2004	BY: /s/Luke R. Schmieder Luke R. Schmieder President, Chief Executive Officer, Treasurer and Director
DATED: November 9, 2004	BY: /s/Steven W. Peterson Steven W. Peterson Vice President-Finance, Chief Financial and Accounting Officer and Secretary