

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

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

For the quarterly period ended June 30, 2005

Commission file number 0-31164

**Preformed Line Products Company**

(Exact Name of Registrant as Specified in Its Charter)

Ohio

\_\_\_\_\_  
(State or Other Jurisdiction of Incorporation or Organization)

34-0676895

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

660 Beta Drive

Mayfield Village, Ohio

\_\_\_\_\_  
(Address of Principal Executive Office)

44143

\_\_\_\_\_  
(Zip Code)

(440) 461-5200

\_\_\_\_\_  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports 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 an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

The number of common shares outstanding as of August 10, 2005: 5,722,347.

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**PART I – FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**PREFORMED LINE PRODUCTS COMPANY  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)**

<i>Thousands of dollars, except share data</i>	June 30, 2005	December 31, 2004
<b>ASSETS</b>		
Cash and cash equivalents	\$ 31,219	\$ 29,744
Accounts receivable, less allowance of \$2,171 (\$2,396 in 2004)	32,449	29,217
Inventories - net	35,337	36,264
Deferred income taxes	3,998	3,727
Prepays and other	3,314	2,651
<b>TOTAL CURRENT ASSETS</b>	106,317	101,603
Property and equipment - net	47,697	48,169
Deferred income taxes	739	1,213
Goodwill - net	2,076	2,130
Patents and other intangibles - net	3,058	3,247
Other assets	2,445	2,446
<b>TOTAL ASSETS</b>	\$ 162,332	\$ 158,808
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Notes payable to banks	\$ 1,290	\$ 735
Current portion of long-term debt	1,303	1,272
Trade accounts payable	10,723	11,111
Accrued compensation and amounts withheld from employees	5,566	4,879
Accrued expenses and other liabilities	4,969	4,368
Accrued profit-sharing and pension contributions	2,741	3,639
Dividends payable	1,144	1,141
Income taxes	849	777
<b>TOTAL CURRENT LIABILITIES</b>	28,585	27,922
Long-term debt, less current portion	2,501	2,362
Deferred income taxes	223	187
<b>SHAREHOLDERS' EQUITY</b>		
Common shares - \$2 par value, 15,000,000 shares authorized, 5,721,597 and 5,706,713 outstanding, net of 511,159 and 491,159 treasury shares at par, respectively	11,443	11,413
Paid in capital	1,026	545
Retained earnings	132,712	128,738
Accumulated other comprehensive loss	(14,158)	(12,359)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	131,023	128,337
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	\$ 162,332	\$ 158,808

*See notes to consolidated financial statements.*

**PREFORMED LINE PRODUCTS COMPANY  
STATEMENTS OF CONSOLIDATED INCOME  
(UNAUDITED)**

*In thousands, except per share data*

	Three month period ended June 30,		Six month period ended June 30,	
	2005	2004	2005	2004
Net sales	\$ 52,692	\$ 45,884	\$ 103,464	\$ 85,414
Cost of products sold	35,275	30,785	69,420	58,245
<b>GROSS PROFIT</b>	<b>17,417</b>	<b>15,099</b>	<b>34,044</b>	<b>27,169</b>
Costs and expenses				
Selling	5,519	4,550	10,574	9,037
General and administrative	5,552	5,272	10,479	9,789
Research and engineering	1,527	1,457	3,070	2,934
Other operating (income) expenses - net	(185)	256	(70)	128
	12,413	11,535	24,053	21,888
Royalty income - net	345	321	537	747
<b>OPERATING INCOME</b>	<b>5,349</b>	<b>3,885</b>	<b>10,528</b>	<b>6,028</b>
Other income (expense)				
Interest income	241	116	454	243
Interest expense	(86)	(117)	(180)	(203)
Other expense	(27)	(37)	(54)	(73)
	128	(38)	220	(33)
<b>INCOME BEFORE INCOME TAXES AND EQUITY IN NET (LOSS) INCOME OF JOINT VENTURE</b>	<b>5,477</b>	<b>3,847</b>	<b>10,748</b>	<b>5,995</b>
Income taxes	1,781	1,439	3,824	2,281
<b>NET INCOME BEFORE JOINT VENTURE</b>	<b>3,696</b>	<b>2,408</b>	<b>6,924</b>	<b>3,714</b>
Equity in net (loss) income of joint venture	-	(37)	-	21
<b>NET INCOME</b>	<b>\$ 3,696</b>	<b>\$ 2,371</b>	<b>\$ 6,924</b>	<b>\$ 3,735</b>
Net income per share - basic	\$ 0.65	\$ 0.41	\$ 1.21	\$ 0.65
Net income per share - diluted	\$ 0.64	\$ 0.41	\$ 1.20	\$ 0.64
Cash dividends declared per share	\$ 0.20	\$ 0.20	\$ 0.40	\$ 0.40
Average number of shares outstanding - basic	5,726	5,715	5,723	5,748
Average number of shares outstanding - diluted	5,784	5,764	5,778	5,802

*See notes to consolidated financial statements.*

**PREFORMED LINE PRODUCTS COMPANY**  
**STATEMENTS OF CONSOLIDATED CASH FLOWS**  
**(UNAUDITED)**

<i>Thousands of dollars</i>	<b>Six Month Period Ended June 30,</b>	
	<b>2005</b>	<b>2004</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 6,924	\$ 3,735
Adjustments to reconcile net income to net cash provided by operations:		
Depreciation and amortization	3,417	3,579
Deferred income taxes	239	786
Net investment in life insurance	55	274
Translation adjustment	47	(40)
Earnings of joint venture	-	(21)
Gain on sale of property and equipment	(91)	(6)
Changes in operating assets and liabilities:		
Accounts receivable	(3,759)	(7,744)
Inventories	658	330
Trade accounts payables and accrued liabilities	818	2,768
Income taxes	(415)	(414)
Other - net	(503)	(592)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>7,390</b>	<b>2,655</b>
<b>INVESTING ACTIVITIES</b>		
Capital expenditures	(2,924)	(1,777)
Business acquisitions	-	(514)
Proceeds from the sale of property and equipment	101	39
Net investment in life insurance	-	220
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(2,823)</b>	<b>(2,032)</b>
<b>FINANCING ACTIVITIES</b>		
Increase in notes payable to banks	597	-
Proceeds from the issuance of long-term debt	155	6
Payments of long-term debt	(394)	(385)
Dividends paid	(2,287)	(2,307)
Issuance of common shares	551	36
Purchase of common shares for treasury	(702)	(2,582)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,080)</b>	<b>(5,232)</b>
Effects of exchange rate changes on cash and cash equivalents	(1,012)	(107)
Increase (decrease) in cash and cash equivalents	1,475	(4,716)
Cash and cash equivalents at beginning of year	29,744	28,209
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 31,219</b>	<b>\$ 23,493</b>

*See notes to consolidated financial statements.*

**PREFORMED LINE PRODUCTS COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

*Tables in thousands, except per share data*

**NOTE A – BASIS OF PRESENTATION**

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, these consolidated financial statements do not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results could differ from these estimates. However, in the opinion of management, these consolidated financial statements contain all estimates and adjustments required to fairly present the financial position, results of operations, and cash flows for the interim periods. Operating results for the six-month period ended June 30, 2005 are not necessarily indicative of the results to be expected for the year ending December 31, 2005. For further information, refer to the consolidated financial statements and notes to consolidated financial statements included in the Company's Form 10-K for 2004 filed with the Securities and Exchange Commission.

The consolidated balance sheet at December 31, 2004 has been derived from the audited consolidated financial statements, but does not include all of the information and notes required by accounting principles generally accepted in the United States of America for complete financial statements.

Certain amounts in the prior year's financial statements have been reclassified to conform to the presentation of 2005.

**NOTE B – OTHER FINANCIAL STATEMENT INFORMATION**

*Inventories*

	June 30, 2005	December 31, 2004
Finished goods	\$ 11,757	\$ 12,005
Work-in-process	1,714	1,728
Raw materials	21,866	22,531
	<u>\$ 35,337</u>	<u>\$ 36,264</u>

*Property and equipment – at cost*

	June 30, 2005	December 31, 2004
Land and improvements	\$ 6,882	\$ 6,964
Buildings and improvements	37,464	37,194
Machinery and equipment	93,415	92,313
Construction in progress	3,660	2,951
	<u>141,421</u>	<u>139,422</u>
Less accumulated depreciation	93,724	91,253
	<u>\$ 47,697</u>	<u>\$ 48,169</u>

### Comprehensive Income

The components of comprehensive income are as follows:

	Three month period ended June 30,		Six month period ended June 30,	
	2005	2004	2005	2004
Net income	\$ 3,696	\$ 2,371	\$ 6,924	\$ 3,735
Other comprehensive loss:				
Foreign currency adjustments	(539)	(650)	(1,799)	(788)
Comprehensive income	<u>\$ 3,157</u>	<u>\$ 1,721</u>	<u>\$ 5,125</u>	<u>\$ 2,947</u>

### Guarantees

Product warranty balance at January 1, 2005	\$ 177
Additions charged to Cost of products sold	203
Deductions	(145)
Product warranty balance at June 30, 2005	<u>\$ 235</u>

### Stock-Based Options

As permitted by the provisions of SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure- an amendment of SFAS No. 123", the Company applies the intrinsic value based method prescribed in APB Opinion No. 25, "Accounting for Stock Issued to Employees", to account for stock options granted to employees to purchase common shares. Under this method, compensation expense is measured as the excess, if any, of the market price at the date of grant over the exercise price of the options. No compensation expense has been recorded because the exercise price is equal to market value at the date of grant.

SFAS No. 148 requires pro forma disclosure of the effect on net income and earnings per share when applying the fair value method of valuing stock-based compensation. For purposes of this pro forma disclosure, the estimated fair value of the options is recognized ratably over the vesting period.

	Three month period ended June 30,		Six month period ended June 30,	
	2005	2004	2005	2004
Net income, as reported	\$ 3,696	\$ 2,371	\$ 6,924	\$ 3,735
Deduct:				
Total stock-based employee compensation expense determined under fair value based method for all awards	<u>45</u>	<u>8</u>	<u>71</u>	<u>23</u>
Pro forma net income	<u>\$ 3,651</u>	<u>\$ 2,363</u>	<u>\$ 6,853</u>	<u>\$ 3,712</u>
Earnings per share:				
Basic - as reported	<u>\$ 0.65</u>	<u>\$ 0.41</u>	<u>\$ 1.21</u>	<u>\$ 0.65</u>
Basic - pro forma	<u>\$ 0.64</u>	<u>\$ 0.41</u>	<u>\$ 1.20</u>	<u>\$ 0.65</u>
Diluted - as reported	<u>\$ 0.64</u>	<u>\$ 0.41</u>	<u>\$ 1.20</u>	<u>\$ 0.64</u>
Diluted - pro forma	<u>\$ 0.63</u>	<u>\$ 0.41</u>	<u>\$ 1.19</u>	<u>\$ 0.64</u>

## NOTE C – PENSION PLANS

Net periodic benefit cost for the Company's domestic plan included the following components:

	Three month period ended June 30,		Six month period ended June 30,	
	2005	2004	2005	2004
Service cost	\$ 198	\$ 144	\$ 360	\$ 280
Interest cost	212	181	404	351
Expected return on plan assets	(189)	(154)	(376)	(307)
Recognized net actuarial loss	61	33	102	53
Net periodic benefit cost	<u>\$ 282</u>	<u>\$ 204</u>	<u>\$ 490</u>	<u>\$ 377</u>

The first quarterly contribution was made on April 14, 2005 in the amount of \$.2 million. The Company presently anticipates contributing an additional \$.3 million to fund its pension plan in 2005 for a total of \$.5 million.

## NOTE D – COMPUTATION OF EARNINGS PER SHARE

	Three month period ended June 30,		Six month period ended June 30,	
	2005	2004	2005	2004
Numerator				
Net income	<u>\$ 3,696</u>	<u>\$ 2,371</u>	<u>\$ 6,924</u>	<u>\$ 3,735</u>
Denominator				
Determination of shares				
Weighted average common shares outstanding	5,726	5,715	5,723	5,748
Dilutive effect - employee stock options	58	49	55	54
Diluted weighted average common shares outstanding	<u>5,784</u>	<u>5,764</u>	<u>5,778</u>	<u>5,802</u>
Earnings per common share				
Basic	<u>\$ 0.65</u>	<u>\$ 0.41</u>	<u>\$ 1.21</u>	<u>\$ 0.65</u>
Diluted	<u>\$ 0.64</u>	<u>\$ 0.41</u>	<u>\$ 1.20</u>	<u>\$ 0.64</u>

## NOTE E – GOODWILL AND OTHER INTANGIBLES

The Company performed its annual impairment test for goodwill pursuant to SFAS No. 142, "Goodwill and Intangible Assets", as of January 2005 and had determined that no adjustment to the carrying value of goodwill was required. The Company's only intangible asset with an indefinite life is goodwill, which is included within the foreign segment. The aggregate amortization expense for other intangibles with finite lives for each of the three-months ended June 30, 2005 and 2004 was \$.1 million, and for each of the six-months ended June 30, 2005 and 2004 was \$.2 million. Amortization expense is estimated to be \$.4 million for 2005 and \$.3 million for 2006 through 2009. The following table sets forth the carrying value and accumulated amortization of intangibles by segment at June 30, 2005:

	As of June 30, 2005		
	Domestic	Foreign	Total
Amortized intangible assets, including effect of foreign currency translation			
Gross carrying amount - patents and other intangibles	\$ 4,947	\$ 78	\$ 5,025
Accumulated amortization - patents and other intangibles	(1,925)	(42)	(1,967)
Total	<u>\$ 3,022</u>	<u>\$ 36</u>	<u>\$ 3,058</u>

The changes in the carrying amount of goodwill for the six-month period ended June 30, 2005, is as follows:

Balance at January 1, 2005	\$ 2,130
Currency translation	(54)
Balance at June 30, 2005	<u>\$ 2,076</u>

## NOTE F – NEW ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 151, “Inventory Costs,” to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. This standard requires that such items be recognized as current-period charges. The standard also establishes the concept of “normal capacity” and requires the allocation of fixed production overhead to inventory based on the normal capacity of the production facilities. Any unallocated overhead must be recognized as an expense in the period incurred. This standard is effective for inventory costs incurred starting January 1, 2006. The Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, “Exchanges of Nonmonetary Assets.” This standard amended APB Opinion No. 29, “Accounting for Nonmonetary Transactions,” to eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets. This standard replaces this exception with a general exception from fair value measurement for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for all nonmonetary asset exchanges completed by the company starting January 1, 2006. The Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

In December 2004, the FASB released a revised version of Statement of Financial Accounting Standards No. 123 (FASB 123R), “Accounting for Stock-Based Compensation.” This statement supersedes APB Opinion No. 25, “Accounting for Stock Issued to Employees,” and its related implementation guidance. This statement amends and clarifies the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments and to recognize this cost over the vesting period or time period during which the employee is required to provide service in exchange for the reward. This statement is effective for the Company starting January 1, 2006. The Company does not expect the adoption of this statement to have a material impact on its financial statements.

In June 2005, the FASB released SFAS No. 154, “Accounting Changes and Error Corrections”, a replacement of APB Opinion No. 20 and FASB Statement No. 3, to change the requirements for the accounting for and reporting of a change in accounting principle. This statement requires retrospective application to prior periods’ financial statements of changes in an accounting principle, unless it is impracticable to determine either the period specific effects or the cumulative effect. If impracticable to determine period specific effects, this statement requires the new accounting principle to be applied to balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and a corresponding entry made to opening balance of retained earnings for that period. If it is impracticable to determine the cumulative effect to prior periods, the statement requires the new accounting principle to be applied from the earliest date practicable. This statement requires a change in depreciation, amortization and depletion methods for long-lived assets be accounted for as a change in estimate effected by a change in accounting principle. Lastly, this statement carries forward guidance from Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. This standard is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. The Company does not believe the adoption of this standard will have a material impact on its consolidated financial statements.

NOTE G – BUSINESS SEGMENTS

	Three month period ended June 30,		Six month period ended June 30,	
	2005	2004	2005	2004
Net sales				
Domestic	\$ 28,832	\$ 26,832	\$ 58,362	\$ 50,221
Foreign	23,860	19,052	45,102	35,193
Total net sales	<u>\$ 52,692</u>	<u>\$ 45,884</u>	<u>\$ 103,464</u>	<u>\$ 85,414</u>
Intersegment sales				
Domestic	\$ 1,333	\$ 1,425	\$ 3,021	\$ 2,514
Foreign	761	833	1,335	1,211
Total intersegment sales	<u>\$ 2,094</u>	<u>\$ 2,258</u>	<u>\$ 4,356</u>	<u>\$ 3,725</u>
Operating income				
Domestic	\$ 2,715	\$ 1,883	\$ 6,084	\$ 3,064
Foreign	2,634	2,002	4,444	2,964
	<u>5,349</u>	<u>3,885</u>	<u>10,528</u>	<u>6,028</u>
Interest income				
Domestic	116	18	186	44
Foreign	125	98	268	199
	<u>241</u>	<u>116</u>	<u>454</u>	<u>243</u>
Interest expense				
Domestic	(21)	(9)	(28)	(19)
Foreign	(65)	(108)	(152)	(184)
	<u>(86)</u>	<u>(117)</u>	<u>(180)</u>	<u>(203)</u>
Other expense	(27)	(37)	(54)	(73)
Income before income taxes and equity in net (loss) income of joint venture	<u>\$ 5,477</u>	<u>\$ 3,847</u>	<u>\$ 10,748</u>	<u>\$ 5,995</u>
	June 30,	December 31,		
	2005	2004		
Identifiable assets				
Domestic	\$ 85,298	\$ 79,181		
Foreign	77,034	79,627		
Total assets	<u>\$ 162,332</u>	<u>\$ 158,808</u>		

NOTE H – BUSINESS ABANDONMENT CHARGES

During the third quarter of 2002, the Company recorded a charge to establish a reserve for certain assets and to record severance payments related to closing its data communications operations in Europe. This entailed winding down a manufacturing operation, closing five sales offices, terminating leases and reducing personnel by approximately 130. This action was taken as a result of the continuing decline in the global telecommunication and data communication markets and after failing to reach agreement on an acceptable selling price on product supplied to a significant foreign customer. An analysis of the amount accrued in the Consolidated Balance Sheet at June 30, 2005 is as follows:

	<u>Inventory</u>	<u>Receivables</u>	<u>Severance and other related expenses</u>
Balance at January 1, 2005	\$ 4	\$ 853	\$ 30
Payments	-	-	(25)
Writeoffs and adjustments	<u>(2)</u>	<u>(220)</u>	<u>1</u>
Balance at June 30, 2005	<u>\$ 2</u>	<u>\$ 633</u>	<u>\$ 6</u>

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Executive Summary

For the quarter ended June 30, 2005 our net sales increased 15% and gross profit increased 15% compared to the same period in 2004. Net sales increased in our markets around the world with the exception of Europe, which remained relatively unchanged, from the second quarter of 2004. Net sales were favorably impacted by the conversion of local currencies to U.S. dollars as a result of the weakness of the U.S. dollar compared to most foreign currencies for the quarter. The increase in gross profit and moderate increases in costs and expenses resulted in an increase in net income of 56% when compared to the quarter ended June 30, 2004.

For the six months ended June 30, 2005, our net sales increased 21% and gross profit increased 25% compared to the same period in 2004. Net sales increased in the same markets as indicated for the quarter. The increase in gross profit partially offset by a 10% increase in costs and expenses resulted in an increase in net income of 85%, or fifty-six cents per basic and diluted share, when compared to the same period in 2004.

### THREE MONTHS ENDED JUNE 30, 2005 COMPARED TO THREE MONTHS ENDED JUNE 30, 2004

For the three months ended June 30, 2005, net sales were \$52.7 million, an increase of \$6.8 million, or 15%, from the same period in 2004. Domestic net sales increased \$2 million, or 7%, and foreign sales increased \$4.8 million, or 25%. The increase in domestic net sales was due to an increase in demand from our data communications customers. We have also continued to benefit from telecommunication companies activities in expanding fiber to the premise. We believe that continued stability and strengthening of the U.S. economy should allow spending on new construction and maintenance projects in the energy and communications markets to outpace business levels of 2004. However, we do not expect our percentage increase in sales for the second half of 2005 to be as strong as the percentage increase for the first half of 2005. Foreign net sales were favorably impacted by \$1.8 million when converting local currencies to U.S. dollars as a result of the weakness of the U.S. dollar compared to most foreign currencies for the second quarter. Excluding the foreign currency impact, foreign sales increased \$3 million compared to the same period in 2004 primarily due to stronger sales in our markets around the world with the exception of Europe. Although we anticipate the continuation of price competition globally, we expect the current upward trend in foreign sales to continue but at a slower pace than the 25% increase realized in the quarter ended June 30, 2005 when compared to 2004.

Gross profit of \$17.4 million for the three months ended June 30, 2005 was an increase of \$2.3 million, or 15%, compared to last year. Domestic gross profit increased \$1.2 million, or 14%, compared to the second quarter 2004 primarily as a result of higher net sales and relatively stable manufacturing expenses compared to the same period in 2004 partially offset by increased material cost for steel and aluminum. Foreign gross profit increased \$1.1 million, or 17%, primarily due to the increase in net sales. We expect our costs for basic metal and petroleum based materials to continue to increase for the remainder of 2005 resulting in an additional risk in maintaining our current gross profit percentage.

Costs and expenses of \$12.4 million for the three months ended June 30, 2005 increased \$.9 million, or 8%, compared to the previous year as summarized in the following table:

<i>thousands of dollars</i>	Quarter ended June 30,			%
	2005	2004	Change	Change
Cost and expenses				
Domestic:				
Selling	\$ 3,689	\$ 2,944	\$ 745	25 %
General and administrative	3,184	3,274	(90)	(3)
Research and engineering	1,061	1,035	26	3
Other operating (income) expense - net	11	201	(190)	NM *
	<u>7,945</u>	<u>7,454</u>	<u>491</u>	7
Foreign:				
Selling	1,830	1,606	224	14
General and administrative	2,368	1,998	370	19
Research and engineering	466	422	44	10
Other operating (income) expense - net	(196)	55	(251)	NM *
	<u>4,468</u>	<u>4,081</u>	<u>387</u>	9
	<u>\$12,413</u>	<u>\$11,535</u>	<u>\$ 878</u>	8 %

\*NM - Not Meaningful

Domestic costs and expenses of \$7.9 million for the three-month period ended June 30, 2005 increased \$.5 million, or 7% compared to the same period in 2004. Domestic selling expense of \$3.7 million increased \$.8 million primarily as a result of a \$.3 million increase in commission expense on higher sales, a \$.3 million increase in advertising and promotional expenses and a \$.2 million increase in personnel related expenses. General and administrative expenses, and research and engineering expenses remained relatively unchanged. Other operating expense decreased \$.2 million primarily as a result of charges recorded in 2004 related to a certain director's life insurance policies.

Foreign costs and expenses of \$4.5 million for the three-month period ended June 30, 2005 increased \$.4 million, or 9% compared to the same period in 2004. The weaker dollar impacted costs and expenses by \$.4 million when foreign costs were translated to U.S. dollars. Selling expenses net of currency translation remained relatively unchanged when compared to 2004. General and administrative expense net of currency translation increased \$.2 million primarily related to an increase in personnel and costs incurred to comply with the Sarbanes-Oxley Act of 2002. Research and engineering expense remained relatively unchanged when compared to 2004. Other operating income net of currency translation improved by \$.2 million primarily as a result of foreign currency transaction gains.

Royalty income – net for the quarter ended June 30, 2005 of \$.3 million remained relatively unchanged compared to the same period in 2004.

Operating income of \$5.3 million for the quarter ended June 30, 2005 increased \$1.4 million, or 38%, compared to the same period in 2004. This increase was a result of the \$2.3 million increase in gross profit offset by the \$.9 million increase in costs and expenses. Domestic operating income increased \$.8 million compared to the same period in 2004 primarily due to the increase in gross profit of \$1.2 million partially offset by the \$.5 million in cost and expenses. Foreign operating income of \$2.6 million increased \$.6 million, compared to the same period in 2004 primarily due to the increase in gross profit of \$1.1 million partially offset by the increase in costs and expenses of \$.4 million.

Other income of \$.1 million for the three months ended June 30, 2005 increased \$.2 million as a result of a \$.2 million increase in interest income net of interest expense.

Income taxes for the three months ended June 30, 2005 of \$1.8 million were \$.3 million higher than the same period in 2004. The effective tax rate for the three months ended June 30, 2005 was 33% compared to 38% in 2004. The comparison of the effective tax rate has been favorably impacted by our ability to utilize certain foreign tax credits to offset current tax expense. In accordance with the applicable tax laws in China, we are entitled to a preferential tax rate of 50% reduction for three years beginning in 2003. The favorable aggregate tax was less than \$.01 per share for the three-month period ended June 30, 2005 and 2004.

As a result of the preceding items net income for the three-month period ended June 30, 2005 was \$3.7 million, which represents an increase of \$1.3 million compared to net income of \$2.4 million for the same period in 2004.

#### SIX MONTHS ENDED JUNE 30, 2005 COMPARED TO SIX MONTHS ENDED JUNE 30, 2004

For the six months ended June 30, 2005, net sales were \$103.5 million, an increase of \$18.1 million, or 21%, from the same period in 2004. Domestic net sales increased \$8.2 million, or 16%, and foreign sales increased \$9.9 million, or 28%. The increase in domestic net sales was due primarily to volume increases in the telecommunications and data communications markets. Foreign net sales were favorably impacted by \$2.9 million when converting local currencies to U.S. dollars as a result of the continued weakness of the U.S. dollar compared to most foreign currencies. Excluding the foreign currency impact, foreign sales increased \$7 million compared to the same period in 2004 primarily due to stronger sales in all our markets around the world with the exception of Europe.

Gross profit of \$34 million for the six months ended June 30, 2005 was an increase of \$6.9 million, or 25%, compared to last year. Domestic gross profit increased \$4.1 million, or 27%, compared to the same period in 2004 primarily as a result of higher net sales and relatively stable manufacturing expenses compared to the same period in 2004 partially offset by increased material cost for steel and aluminum. Foreign gross profit increased \$2.8 million, or 23%, primarily due to the increase in net sales and a \$.9 million favorable impact of converting foreign currencies to U.S. dollars.

Costs and expenses of \$24.1 million for the six months ended June 30, 2005 increased \$2.2 million, or 10%, compared to the previous year as summarized in the following table:

<i>thousands of dollars</i>	Six months ended June 30,			%
	2005	2004	Change	Change
Cost and expenses				
Domestic:				
Selling	\$ 6,985	\$ 5,919	\$ 1,066	18 %
General and administrative	5,949	5,915	34	1
Research and engineering	2,139	2,065	74	4
Other operating (income) expense - net	112	122	(10)	(8)
	<u>15,185</u>	<u>14,021</u>	<u>1,164</u>	8
Foreign:				
Selling	3,589	3,118	471	15
General and administrative	4,530	3,874	656	17
Research and engineering	931	869	62	7
Other operating (income) expense - net	(182)	6	(188)	NM *
	<u>8,868</u>	<u>7,867</u>	<u>1,001</u>	13
	<u>\$24,053</u>	<u>\$21,888</u>	<u>\$ 2,165</u>	10 %

\*NM - Not Meaningful

Domestic costs and expenses of \$15.2 million for the six months ended June 30, 2005 increased \$1.2 million, or 8% compared to the same period in 2004. Domestic selling expense of \$7 million increased \$1.1 million primarily as a result of a \$.5 million increase in commission expense on higher sales, a \$.3 million increase in advertising and promotional expenses and a \$.3 million increase related to personnel expenses. General and administrative expenses remained relatively unchanged compared to 2004. Research and engineering expenses increased \$.1 million primarily as a result of increased personnel. Other operating expense remained relatively unchanged compared to the same period in 2004.

Foreign costs and expenses of \$8.9 million for the six months ended June 30, 2005 increased \$1 million, or 13%, compared to the same period in 2004. The weaker dollar impacted costs and expenses by \$.5 million when foreign costs were translated to U.S. dollars. Selling expenses net of currency translation increased \$.3 million primarily as a

result of a \$.1 increase in commission expense on higher sales and \$.2 million increase in advertising and sales promotion. General and administrative expense net of currency translation increased \$.4 million primarily related to an increase in personnel and costs incurred to comply with the Sarbanes-Oxley Act of 2002. Research and engineering expense remained relatively unchanged when compared to 2004. Other operating income net of currency translation improved by \$.2 million primarily as a result of foreign currency transaction gains.

Royalty income – net for the six-month period ended June 30, 2005 of \$.5 million decreased \$.2 million, or 28%, compared to the same period in 2004 as a result of higher licensing expense.

Operating income of \$10.5 million for the six months ended June 30, 2005 increased \$4.5 million, or 75%, compared to the same period in 2004. This increase was a result of the \$6.9 million increase in gross profit offset by the \$2.2 million increase in costs and expenses and the \$.2 million decrease in royalty income - net. Domestic operating income increased \$3 million compared to the same period in 2004 as a result of the increase in gross profit of \$4.1 million and the \$.3 million increase in intercompany royalties partially offset by the \$1.2 million increase in costs and expenses and the \$.2 million decrease in royalty income - net. Foreign operating income of \$4.4 million increased \$1.5 million, compared to the same period in 2004 as a result of the increase in gross profit of \$2.8 million partially offset by the increase in costs and expenses of \$1 million and the \$.3 million increase in intercompany royalty expense.

Other income of \$.2 million for the six months ended June 30, 2005 increased \$.2 million as a result of a \$.2 million increase in interest income.

Income taxes for the six months ended June 30, 2005 of \$3.8 million were \$1.5 million higher than the same period in 2004. The effective tax rate for the six months ended June 30, 2005 was 36% compared to 38% in 2004. The comparison of the effective tax rate has been favorably impacted by our ability to utilize certain foreign tax credits to offset current tax expense. In accordance with the applicable tax laws in China, we are entitled to a preferential tax rate of 50% reduction for three years beginning in 2003. The favorable aggregate tax was less than \$.01 per share for the six-month period ended June 30, 2005 and 2004.

As a result of the preceding items net income for the six months ended June 30, 2005 was \$6.9 million, which represents an increase of \$3.2 million compared to net income of \$3.7 million for the same period in 2004.

## WORKING CAPITAL, LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$7.4 million for the first six months of 2005, an increase of \$4.7 million when compared to the same period in 2004. A decrease in working capital of \$2.4 million coupled with a \$3.2 million increase in net income was partially offset by a decrease in non-cash items of \$.9 million in 2005, when compared to 2004. The decrease in working capital was primarily due to a smaller increase in accounts receivable offset by a smaller increase in trade payables in 2005. Higher deferred income taxes in 2004 were the primary reason for the reduction in non-cash items.

Net cash used in investing activities of \$2.8 million represents an increase of \$.8 million when compared to 2004. This increase is primarily a result of higher capital expenditures in 2005 compared to 2004. During April 2004 the Company acquired assets of Union Electric Manufacturing Co. Ltd. for \$.5 million. We are continually analyzing potential acquisition candidates and business alternatives but we currently have no commitments that would materially affect the operations of the business.

Cash used in financing activities was \$2.1 million compared to \$5.2 million in the previous year. This decrease was primarily a result of a greater number of common shares repurchased in 2004 when compared to 2005.

Our current ratio was 3.7 to 1 at June 30, 2005 compared to 3.6 to 1 at December 31, 2004. Working capital of \$77.7 million remains consistent with the amount at December 31, 2004 of \$73.7 million. At June 30, 2005, our unused balance under our main credit facility was \$20 million and our bank debt to equity percentage was 4%. Our main revolving credit agreement contains, among other provisions, requirements for maintaining levels of working capital, net worth and profitability. At June 30, 2005 we were in compliance with these covenants. We believe our future operating cash flows will be more than sufficient to cover debt repayments, other contractual obligations, capital expenditures and dividends. In addition, we believe our existing cash position, together with our untapped borrowing capacity, provides financial resources to adequately meet our cash requirements. If we were to incur significant indebtedness, we expect to be able to continue to meet liquidity needs under the credit facilities but possibly at an increased cost for interest and commitment fees. We do not believe we would increase our debt to a level that would

have a material adverse impact upon the results of operations or financial condition.

#### NEW ACCOUNTING PRONOUNCEMENTS

In November 2004, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 151, "Inventory Costs," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material. This standard requires that such items be recognized as current-period charges. The standard also establishes the concept of "normal capacity" and requires the allocation of fixed production overhead to inventory based on the normal capacity of the production facilities. Any unallocated overhead must be recognized as an expense in the period incurred. This standard is effective for inventory costs incurred starting January 1, 2006. We do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets." This standard amended APB Opinion No. 29, "Accounting for Nonmonetary Transactions," to eliminate the exception from fair value measurement for nonmonetary exchanges of similar productive assets. This standard replaces this exception with a general exception from fair value measurement for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This statement is effective for all nonmonetary asset exchanges completed by the company starting January 1, 2006. We do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

In December 2004, the FASB released a revised version of Statement of Financial Accounting Standards No. 123 (FASB 123R), "Accounting for Stock-Based Compensation." This statement supersedes APB Opinion No. 25, "Accounting for Stock Issued to Employees," and its related implementation guidance. This statement amends and clarifies the accounting for transactions in which an entity exchanges its equity instruments for goods or services. This statement requires a public entity to measure the cost of employee services received in exchange for an award of equity instruments and to recognize this cost over the vesting period or time period during which the employee is required to provide service in exchange for the reward. This statement is effective for the Company starting January 1, 2006. We do not expect the adoption of this statement to have a material impact on its financial statements.

In June 2005, the FASB released SFAS No. 154, "Accounting Changes and Error Corrections", a replacement of APB Opinion No. 20 and FASB Statement No. 3, to change the requirements for the accounting for and reporting of a change in accounting principle. This statement requires retrospective application to prior periods' financial statements of changes in an accounting principle, unless it is impracticable to determine either the period specific effects or the cumulative effect. If impracticable to determine period specific effects, this statement requires the new accounting principle to be applied to balances of assets and liabilities as of the beginning of the earliest period for which retrospective application is practicable and a corresponding entry made to opening balance of retained earnings for that period. If it is impracticable to determine the cumulative effect to prior periods, the statement requires the new accounting principle to be applied from the earliest date practicable. This statement requires a change in depreciation, amortization and depletion methods for long-lived assets be accounted for as a change in estimate effected by a change in accounting principle. Lastly, this statement carries forward guidance from Opinion 20 for reporting the correction of an error in previously issued financial statements and a change in accounting estimate. This standard is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We do not believe the adoption of this standard will have a material impact on our consolidated financial statements.

#### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The Company operates manufacturing facilities and offices around the world and uses fixed and floating rate debt to finance the Company's global operations. As a result, the Company is subject to business risks inherent in non-U.S. activities, including political and economic uncertainty, import and export limitations, and market risk related to changes in interest rates and foreign currency exchange rates. The Company believes the political and economic risks related to the Company's foreign operations are mitigated due to the stability of the countries in which the Company's largest foreign operations are located.

The Company has no foreign currency forward exchange contracts outstanding at June 30, 2005. The Company does

not hold derivatives for trading purposes.

The Company is exposed to market risk, including changes in interest rates. The Company is subject to interest rate risk on its variable rate revolving credit facilities, which consisted of borrowings of \$5.1 million at June 30, 2005. A 100 basis point increase in the interest rate would have resulted in an increase in interest expense of less than \$.1 million for the six-month period ended June 30, 2005.

The Company's primary currency rate exposures are related to foreign denominated debt, intercompany debt, forward exchange contracts, foreign denominated receivables, and cash and short-term investments. A hypothetical 10% change in currency rates would have a favorable/unfavorable impact on fair values of \$2 million and on income before income taxes of less than \$.1 million.

#### **ITEM 4. CONTROLS AND PROCEDURES**

An evaluation was performed under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Vice President of Finance, of the effectiveness of the Company's disclosure controls and procedures (as defined in Securities and Exchange Act Rules 13a-15(e) and 15d-15(e)) as of June 30, 2005. Based on the evaluation, the Company's management, including the Chief Executive Officer and Vice President of Finance, concluded that the Company's disclosure controls and procedures were effective as of June 30, 2005. There were no changes in the Company's internal control over financial reporting during the quarter ended June 30, 2005 that materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

### **PART II – OTHER INFORMATION**

#### **ITEM 1. LEGAL PROCEEDINGS**

The Company is subject to various legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the amount of any ultimate liability with respect to these actions will not materially affect our financial condition or results of operations.

#### **ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

On December 16, 2004, the Company announced the Board of Directors authorized a plan to repurchase up to 100,000 of shares of Preformed Line Products common shares. The repurchase plan does not have an expiration date.

##### **Company Purchases of Equity Securities**

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that may yet be Purchased under the Plans or Programs</u>
April	-	-	-	81,245
May	10,000	\$33.35	28,755	71,245
June	5,000	41.69	33,755	66,245
Total	15,000		33,755	66,245

#### **ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

#### **ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

Preformed Line Products Company held its annual meeting of shareholders on April 25, 2005 at its principal executive offices in Mayfield Village, Ohio. At the meeting, the shareholders voted to fix the number of directors at eight with two

classes composed of four members each, both serving a staggered term; to re-elect one person to the Board of Directors for a term expiring at the 2006 annual meeting of the shareholders and re-elect certain persons to the Board of Directors for terms expiring at the 2007 annual meeting of shareholders. The individuals listed below were elected to the Company's Board of Directors, each to hold office until the designated annual meeting or until his successor is elected and qualified, or until his earlier resignation. The table below indicates the votes for, votes withheld, as well as the abstentions and shares not voted for the proposal to fix the number of directors at eight and the election of the five nominees.

	<u>Term Expiration</u>	<u>Votes For</u>	<u>Votes Withheld</u>	<u>Abstention</u>	<u>Shares not Voted</u>
Proposal to fix number of directors at eight		5,216,990	121,187	400	390,520
Glenn E. Corlett	2006	5,300,141	38,436	-	390,520
Frank B. Carr	2007	5,298,441	40,136	-	390,520
Robert G. Ruhlman	2007	5,222,774	115,803	-	390,520
Barbara P. Ruhlman	2007	5,220,874	117,703	-	390,520
John P. O'Brien	2007	5,298,441	40,136	-	390,520

The following are the names of each other director whose term of office as a director continued after the 2005 annual meeting of shareholders (in this case, for terms expiring at the 2006 annual meeting of shareholders):

John D. Drinko  
 Wilber C. Nordstrom  
 Randall M. Ruhlman

**ITEM 5. OTHER INFORMATION**

None.

**ITEM 6. EXHIBITS**

- 31.1 Certifications of the Principal Executive Officer, Robert G. Ruhlman, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 31.2 Certifications of the Principal Financial Officer, Eric R. Graef, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, filed herewith.
- 32.1 Certification of the Principal Executive Officer, Robert G. Ruhlman, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished.
- 32.2 Certification of the Principal Accounting Officer, Eric R. Graef, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, furnished.

## FORWARD LOOKING STATEMENTS

### Cautionary Statement for “Safe Harbor” Purposes Under The Private Securities Litigation Reform Act of 1995

This Form 10-Q and other documents the Company files with the Securities and Exchange Commission contain forward-looking statements regarding the Company’s and management’s beliefs and expectations. As a general matter, forward-looking statements are those focused upon future plans, objectives or performance (as opposed to historical items) and include statements of anticipated events or trends and expectations and beliefs relating to matters not historical in nature. Such forward-looking statements are subject to uncertainties and factors relating to the Company’s operations and business environment, all of which are difficult to predict and many of which are beyond the Company’s control. Such uncertainties and factors could cause the Company’s actual results to differ materially from those matters expressed in or implied by such forward-looking statements.

The following factors, among others, could affect the Company’s future performance and cause the Company’s actual results to differ materially from those expressed or implied by forward-looking statements made in this report:

- The overall demand for cable anchoring and control hardware for electrical transmission and distribution lines on a worldwide basis, which has a slow growth rate in mature markets such as the United States, Canada, and Western Europe;
- The effect on the Company’s business resulting from economic uncertainty within Latin American regions;
- Technology developments that affect longer-term trends for communication lines such as wireless communication;
- The Company’s success at continuing to develop proprietary technology to meet or exceed new industry performance standards and individual customer expectations;
- The rate of progress in continuing to reduce costs and in modifying the Company’s cost structure to maintain and enhance the Company’s competitiveness;
- The Company’s success in strengthening and retaining relationships with the Company’s customers, growing sales at targeted accounts and expanding geographically;
- The extent to which the Company is successful in expanding the Company’s product line into new areas for inside plant;
- The Company’s ability to identify, complete and integrate acquisitions for profitable growth;
- The potential impact of consolidation, deregulation and bankruptcy among the Company’s suppliers, competitors and customers;
- The relative degree of competitive and customer price pressure on the Company’s products;
- The cost, availability and quality of raw materials required for the manufacture of products;
- The effects of fluctuation in currency exchange rates upon the Company’s reported results from international operations, together with non-currency risks of investing in and conducting significant operations in foreign countries, including those relating to political, social, economic and regulatory factors;
- Changes in significant government regulations affecting environmental compliances;
- The Company’s ability to continue to compete with larger companies who have acquired a substantial number of the Company’s former competitors;

- The Company's ability to compete in the domestic data communications market;
- The telecommunication markets continued deployment of Fiber-to-the-Premise;
- The Company's ability to have success in emerging markets;
- The Company's ability to internally develop new products; and
- Other factors disclosed previously and from time to time in the Company's filings with the Securities and Exchange Commission. These filings can be found on the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov).

## 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.

August 12, 2005

/s/ Robert G. Ruhlman  
Robert G. Ruhlman  
Chairman, President and Chief Executive Officer  
(Principal Executive Officer)

August 12, 2005

/s/ Eric R. Graef  
Eric R. Graef  
Vice President - Finance and Treasurer  
(Principal Accounting Officer)

## **EXHIBIT INDEX**

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