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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): October 12, 2018

SCHMITT INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Oregon
(State or other jurisdiction
of incorporation or organization)

000-23996
(Commission
File Number)

93-1151989
(I.R.S. Employer
Identification Number)

2765 N.W. Nicolai Street
Portland, Oregon
(Address of principal executive offices)

97210-1818
(Zip Code)

Registrant's telephone number, including area code: (503) 227-7908

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On October 12, 2018, Schmitt Industries, Inc. issued a press release entitled “Schmitt Industries Announces First Quarter Fiscal 2019 Operating Results.” A copy of the press release is furnished as Exhibit 99.1 to this report.

The information contained in this Current Report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

99.1 [Press release entitled “Schmitt Industries Announces First Quarter Fiscal 2019 Operating Results.”](#)

Forward Looking Statements

Certain statements in this release, including but not limited to remarks by David W. Case, are “forward-looking statements.” These statements are based upon current expectations, estimates and projections about the Company’s business that are based, in part, on assumptions made by management. These statements are not guarantees of future performance and involve risks and uncertainties that are difficult to predict. Actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements due to numerous factors, including, but not limited to, general economic conditions and global financial concerns, the volatility of the Company’s primary markets, the ability to develop new products to satisfy changes in consumer demands, the intensity of competition, increased pricing pressure from both competitors and customers, the effect on production time and overall costs of products if any of our primary suppliers are lost or if a primary supplier increases the prices of raw materials or components, the ability to ramp up manufacturing to satisfy increasing demand, maintenance of a significant investment in inventories in anticipation of future sales, existing cash levels which may not be sufficient to fund future growth, fluctuations in quarterly and annual operating results, risks associated with operating a global business including risks from international sales, reduction in demand or loss of significant customers, changes in foreign import tariffs and currency fluctuations including the United Kingdom’s likely exit from the European Union, ability to reduce operating costs if sales decline, attracting and retaining key management and qualified technical and sales personnel, impact resulting from the actions of activist shareholders, changes in effective tax rates, protection of intellectual property rights and the increased costs due to changes in securities laws and regulations.

For further information regarding risks and uncertainties associated with the Company’s business, please refer to Schmitt’s SEC filings, including, but not limited to, its Forms 10-K, 10-Q and 8-K.

The forward-looking statements in this release speak only as of the date on which they were made, and the Company does not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of this release, or for changes to this document made by wire services or internet service providers.

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 hereunto duly authorized.

October 12, 2018

SCHMITT INDUSTRIES, INC.

By: /s/ Ann M Ferguson

Name: Ann M Ferguson

Title: Chief Financial Officer and Treasurer



IMMEDIATE NEWS RELEASE
Schmitt Industries Announces First Quarter Fiscal 2019 Operating Results

October 12, 2018

NASDAQ: SMIT

Portland, Oregon — Schmitt Industries, Inc. (NASDAQ: SMIT) today announced its operating results for the first quarter of Fiscal 2019. Results for the three months ended August 31, 2018 reflect the Company's on-going initiatives to focus on increasing sales in both business segments, Balancer and Measurement, and decreasing operating expenses.

Highlights of the quarter ended August 31, 2018:

- Balancer segment sales exceeded \$2 million for the sixth consecutive quarter;
- Xact product sales and monitoring revenues, as a component of the Measurement segment, totaled \$824,999 for three months ended August 31, 2018 and;
- Operating expenses decreased \$91,201 in quarter over quarter comparison.

Summary data for the three months ended August 31, 2018 and 2017:

	Three Months Ended August 31,		Change (\$)	Change (%)
	2018	2017		
Total net sales	\$3,440,453	\$3,083,648	\$356,805	11.6%
Balancer segment	2,194,332	2,070,397	123,935	6.0%
Measurement segment	1,246,121	1,013,251	232,870	23.0%
Gross margin	38.9%	45.4%		
Operating expenses	\$1,453,600	\$1,544,801	(91,201)	-5.9%
Net loss	\$ (211,819)	\$ (134,098)	(77,721)	
Net loss per fully diluted share	\$ (0.05)	\$ (0.04)		

“While the net loss this quarter is disappointing, we see these results are largely driven by two significant events occurring during the quarter. These include foreign currency losses in the amount of \$98,872, which were driven by currency shifts of the US Dollar against the Chinese RMB during the quarter, and \$162,155 in additional legal and professional expenses incurred as compared to the same quarter a year ago,” commented David W. Case, President and CEO of Schmitt Industries. “It is worth noting that even with these additional legal and professional expenses incurred during our first quarter of Fiscal 2019, we were still able to reduce overall operating expenses by \$91,201. We look forward to moving beyond the 2019 Annual Meeting and refocusing our attention on the Company's strategic initiatives,” Case added.

About Schmitt Industries

Schmitt Industries, Inc. (the Company) designs, manufactures and sells high precision test and measurement products for two main business segments: the Balancer Segment and the Measurement Segment. For the Balancer Segment, the Company designs, manufactures and sells computer-controlled vibration detection, balancing and process control systems for the worldwide machine tool industry, particularly for grinding machines. The Company also provides sales and service for Europe and Asia through its wholly owned subsidiary, Schmitt Europe Limited (SEL), located in Coventry, England and through its sales representative office located in Shanghai, China. For the Measurement Segment, the Company has two core product lines: the Acuity® product line, which consists of sales of laser and white light sensor distance measurement and dimensional sizing products; and the Xact® product line, which consists of sales of remote tank monitoring products that measure the fill levels of tanks holding propane, diesel and other tank-based liquids and revenues from the related monitoring services associated with the transmission of data from the tanks to a secure web site.

SCHMITT INDUSTRIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	<u>August 31, 2018</u>	<u>May 31, 2018</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,742,786	\$ 2,053,181
Restricted cash	58,040	58,352
Accounts receivable, net	1,871,737	2,047,032
Inventories	6,134,627	5,710,888
Prepaid expenses	119,883	148,924
Total current assets	<u>9,927,073</u>	<u>10,018,377</u>
Property and equipment, net	<u>754,989</u>	<u>770,915</u>
Other assets		
Intangible assets, net	470,622	496,768
TOTAL ASSETS	<u>\$ 11,152,684</u>	<u>\$11,286,060</u>
LIABILITIES & STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 1,008,211	\$ 1,024,256
Accrued commissions	219,005	194,797
Accrued payroll liabilities	167,050	188,568
Other accrued liabilities	364,868	358,790
Income taxes payable	4,472	3,993
Total current liabilities	<u>1,763,606</u>	<u>1,770,404</u>
Stockholders' equity		
Common stock, no par value, 20,000,000 shares authorized, 3,994,545 shares issued and outstanding at May 31, 2018 and August 31, 2018	13,091,249	13,085,652
Accumulated other comprehensive loss	(456,663)	(536,307)
Accumulated deficit	<u>(3,245,508)</u>	<u>(3,033,689)</u>
Total stockholders' equity	<u>9,389,078</u>	<u>9,515,656</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>\$ 11,152,684</u>	<u>\$11,286,060</u>

SCHMITT INDUSTRIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED AUGUST 31, 2018 AND 2017
(UNAUDITED)

	Three Months Ended August 31,	
	2018	2017
Net sales	\$3,440,453	\$3,083,648
Cost of sales	<u>2,100,655</u>	<u>1,684,129</u>
Gross profit	1,339,798	1,399,519
Operating expenses:		
General, administration and sales	1,405,363	1,468,344
Research and development	48,237	76,457
Total operating expenses	<u>1,453,600</u>	<u>1,544,801</u>
Operating loss	(113,802)	(145,282)
Other income (expense), net	<u>(91,651)</u>	<u>17,543</u>
Loss before income taxes	(205,453)	(127,739)
Provision for income taxes	6,366	6,359
Net loss	<u>\$ (211,819)</u>	<u>\$ (134,098)</u>
Net loss per common share, basic	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>
Weighted average number of common shares, basic	<u>3,994,545</u>	<u>2,995,910</u>
Net loss per common share, diluted	<u>\$ (0.05)</u>	<u>\$ (0.04)</u>
Weighted average number of common shares, diluted	<u>3,994,545</u>	<u>2,995,910</u>