

ASTRO MED INC /NEW/
Form 10-Q
September 09, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended August 2, 2014

OR

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

For the transition period from _____ to _____

Commission file number 0-13200

Astro-Med, Inc.

(Exact name of registrant as specified in its charter)

Rhode Island
(State or other jurisdiction of
incorporation or organization)

05-0318215
(I.R.S. Employer
Identification No.)

600 East Greenwich Avenue, West Warwick, Rhode
Island
(Address of principal executive offices)
(401) 828-4000

02893
(Zip Code)

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes No .

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

Common Stock, \$.05 Par Value 7,720,285 shares
(excluding treasury shares) as of August 29, 2014

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(In thousands, Except Share Data)

	August 2, 2014 (Unaudited)	January 31, 2014
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 13,199	\$ 8,341
Securities Available for Sale	14,808	18,766
Accounts Receivable, net	14,075	11,366
Inventories	16,023	15,178
Deferred Tax Assets	1,677	1,673
Restricted Cash		1,800
Line of Credit Receivable	200	240
Note Receivable	250	250
Asset Held for Sale	2,120	2,120
Prepaid Expenses and Other Current Assets	4,205	1,383
Current Assets of Discontinued Operations		3,917
Total Current Assets	66,557	65,034
PROPERTY, PLANT AND EQUIPMENT	35,840	34,960
Less Accumulated Depreciation	(28,057)	(27,368)
Property, Plant and Equipment, net	7,783	7,592
OTHER ASSETS		
Note Receivable	315	440
Deferred Tax Asset	270	313
Intangible Assets	3,049	3,400
Goodwill	991	991
Other	93	194
Total Other Assets	4,718	5,338
TOTAL ASSETS	\$ 79,058	\$ 77,964

LIABILITIES AND SHAREHOLDERS' EQUITY**CURRENT LIABILITIES**

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Accounts Payable	\$ 2,754	\$ 2,374
Accrued Compensation	2,784	3,130
Other Liabilities and Accrued Expenses	2,481	2,310
Deferred Revenue	469	454
Income Taxes Payable	129	788
Current Liabilities of Discontinued Operations		836
Total Current Liabilities	8,617	9,892
Long Term Obligations	104	250
Deferred Tax Liabilities	88	77
Other Long Term Liabilities	1,028	1,131
TOTAL LIABILITIES	9,837	11,350
SHAREHOLDERS EQUITY		
Common Stock, \$0.05 Par Value, Authorized 13,000,000 shares; Issued 9,494,748 shares and 9,291,225 shares at August 2, 2014 and January 31, 2014, respectively	475	465
Additional Paid-in Capital	43,015	41,235
Retained Earnings	38,689	37,201
Treasury Stock, at Cost, 1,776,121 shares and 1,730,042 shares at August 2, 2014 and January 31, 2014, respectively	(13,091)	(12,463)
Accumulated Other Comprehensive Income	133	176
TOTAL SHAREHOLDERS EQUITY	69,221	66,614
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 79,058	\$ 77,964

See Notes to condensed consolidated financial statements (unaudited).

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ASTRO-MED, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, Except Per Share Data)

(Unaudited)

	Three Months		Six Months Ended	
	Ended August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Net Sales	\$ 22,366	\$ 17,194	\$ 43,140	\$ 32,679
Cost of Sales	12,777	10,271	24,915	19,980
Product Replacement Related Costs				672
Gross Profit	9,589	6,923	18,225	12,027
Operating Expenses:				
Selling and Marketing	4,503	3,382	8,878	6,954
Research and Development	1,479	1,274	2,850	2,387
General and Administrative	1,443	1,380	2,634	2,521
Operating Expenses	7,425	6,036	14,362	11,862
Operating Income, net	2,164	887	3,863	165
Other Income (Expense)	83	(25)	(38)	(62)
Income from Continuing Operations before Income Taxes	2,247	862	3,825	103
Income Tax Provision for Continuing Operations	812	331	1,261	11
Income from Continuing Operations	1,435	531	2,564	92
Income from Discontinued Operations, net of taxes of \$94 and \$87, for the three and six months ended August 3, 2013, respectively		165		155
Net Income	\$ 1,435	\$ 696	\$ 2,564	\$ 247
Net Income per Common Share Basic:				
From Continuing Operations	\$ 0.19	\$ 0.07	\$ 0.34	\$ 0.01
From Discontinued Operations		0.02		0.02
Net Income Per Common Share Basic	\$ 0.19	\$ 0.09	\$ 0.34	\$ 0.03
Net Income per Common Share Diluted:				

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From Continuing Operations	\$ 0.18	\$ 0.07	\$ 0.33	\$ 0.01
From Discontinued Operations		0.02		0.02
Net Income Per Common Share Diluted	\$ 0.18	\$ 0.09	\$ 0.33	\$ 0.03
Weighted Average Number of Common Shares Outstanding:				
Basic	7,704	7,458	7,652	7,429
Diluted	7,916	7,655	7,883	7,617
Dividends Declared Per Common Share	\$ 0.07	\$ 0.07	\$ 0.14	\$ 0.14

See Notes to condensed consolidated financial statements (unaudited).

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ASTRO-MED, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands)

(Unaudited)

	Three Months Ended		Six Months Ended	
	August 2, 2014	August 3, 2013	August 2, 2014	August 3, 2013
Net Income	\$ 1,435	\$ 696	\$ 2,564	\$ 247
Other Comprehensive Income (Loss), Net of Taxes and Reclassification Adjustments:				
Foreign Currency Translation Adjustments	(133)	(39)	(41)	(193)
Unrealized Holding Gain (Loss) on Securities Available for Sale	1	5	(2)	4
Other Comprehensive Income (Loss)	(132)	(34)	(43)	(189)
Comprehensive Income	\$ 1,303	\$ 662	\$ 2,521	\$ 58

See Notes to condensed consolidated financial statements (unaudited).

Table of Contents**ASTRO-MED, INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In Thousands)****(Unaudited)**

	Six Months Ended	
	August 2, 2014	August 3, 2013
Cash Flows from Operating Activities:		
Net Income	\$ 2,564	\$ 247
Adjustments to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation and Amortization	1,038	636
Share-Based Compensation	259	273
Deferred Income Tax Provision	51	59
Changes in Assets and Liabilities:		
Accounts Receivable	(2,709)	(535)
Inventories	(845)	(2,118)
Income Taxes	(1,555)	(4,649)
Accounts Payable and Accrued Expenses	(191)	188
Other	(982)	(288)
Net Cash Used by Operating Activities	(2,370)	(6,187)
Cash Flows from Investing Activities:		
Proceeds from Sales/Maturities of Securities Available for Sale	7,900	5,950
Purchases of Securities Available for Sale	(3,945)	(17,835)
Release of Funds Held in Escrow From Sale of Grass	1,800	
Proceeds Received on Disposition of Grass Inventory	2,355	
Payments received on Line of Credit and Note Receivable	165	188
Additions to Property, Plant and Equipment	(874)	(374)
Net Cash Provided (Used) by Investing Activities	7,401	(12,071)
Cash Flows from Financing Activities:		
Proceeds from Common Shares Issued Under Employee Benefit Plans and Employee Stock Option Plans, Net of Payment of Minimum Tax Withholdings	903	489
Dividends Paid	(1,076)	(1,047)
Net Cash Used by Financing Activities	(173)	(558)
Net Increase (Decrease) in Cash and Cash Equivalents	4,858	(18,816)
Cash and Cash Equivalents, Beginning of Period	8,341	30,999
Cash and Cash Equivalents, End of Period	\$ 13,199	\$ 12,183

Supplemental Disclosures of Cash Flow Information:

Cash Paid During the Period for Income Taxes, Net of Refunds	\$ 2,776	\$ 4,751
See Notes to condensed consolidated financial statements (unaudited).		

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(1) Overview

Headquartered in West Warwick, Rhode Island, Astro-Med Inc. designs, develops, manufactures and distributes a broad range of specialty printers and data acquisition and analysis systems. Our products are distributed through our own sales force and authorized dealers in the United States. We also sell to customers outside of the United States primarily through our Company offices in Canada and Europe as well as with independent dealers and representatives. Astro-Med, Inc. products are sold under the brand names Astro-Med[®] Test & Measurement and QuickLabel[®] Systems and are employed around the world in a wide range of aerospace, apparel, automotive, avionics, chemical, computer peripherals, communications, distribution, food and beverage, general manufacturing, packaging and transport