

STARRETT L S CO  
Form 10-Q  
January 30, 2014

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 December 31, 2013

OR

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

For the transition period from to

Commission file number 1-367

**THE L. S. STARRETT COMPANY**

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

(State or other jurisdiction of incorporation or organization)

04-1866480

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

121 CRESCENT STREET, ATHOL, MASSACHUSETTS 01331-1915

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including  
area code 978-249-3551

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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 Web site, 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,” “large accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check One):

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

Common Shares outstanding as of	January 29, 2014
Class A Common Shares	6,127,829
Class B Common Shares	813,666



THE L. S. STARRETT COMPANY

CONTENTS

	Page No.
Part I. Financial Information:	
Item 1. Financial Statements	
Consolidated Balance Sheets – December 31, 2013 (unaudited) and June 30, 2013	3
Consolidated Statements of Operations – three and six months ended December 31, 2013 and December 31, 2012 (unaudited)	4
Consolidated Statements of Comprehensive Income (Loss) – three and six months ended December 31, 2013 and December 31, 2012 (unaudited)	5
Consolidated Statements of Stockholders' Equity – six months ended December 31, 2013 and December 31, 2012 (unaudited)	6
Consolidated Statements of Cash Flows - six months ended December 31, 2013 and December 31, 2012 (unaudited)	7
Notes to Unaudited Consolidated Financial Statements	8-12
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12-15
Item 3. Quantitative and Qualitative Disclosures About Market Risk	15
Item 4. Controls and Procedures	15
Part II. Other Information:	
Risk Factors	15

Item  
1A.

Item Exhibits  
6.

15

SIGNATURES

16

2

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**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

## THE L. S. STARRETT COMPANY

## Consolidated Balance Sheets

(in thousands except share data)

	December 31, 2013  (unaudited)	June 30, 2013
<b>ASSETS</b>		
Current assets:		
Cash	\$ 16,557	\$ 19,755
Short-term investments	8,389	7,657
Accounts receivable (less allowance for doubtful accounts of \$676 and \$697, respectively)	34,900	37,875
Inventories	60,407	56,501
Current deferred income tax asset	4,856	4,978
Prepaid expenses and other current assets	7,356	7,182
Total current assets	132,465	133,948
Property, plant and equipment, net	50,822	51,200
Taxes receivable	3,770	3,770
Deferred tax asset, net	28,455	28,274
Intangible assets, net	7,750	8,222
Goodwill	3,034	3,034
Other assets	2,488	2,346
Total assets	\$ 228,784	\$ 230,794
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Notes payable and current maturities of long term debt	\$ 1,527	\$ 1,557
Accounts payable and accrued expenses	16,468	17,084
Accrued compensation	4,928	5,304
Total current liabilities	22,923	23,945
Long-term debt, net of current portion	21,087	24,252
Other tax obligations	10,435	10,514

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Deferred tax liabilities	2,512	2,182
Postretirement benefit and pension obligations	44,249	42,386
Other non-current liability	-	773
Total liabilities	101,206	104,052
Stockholders' equity:		
Class A Common stock \$1 par (20,000,000 shares authorized; 6, 110,580 outstanding at 12/31/2013 and 6,076,698 outstanding at 6/30/2013)	6,111	6,077
Class B Common stock \$1 par (10,000,000 shares authorized; 823,361 outstanding at 12/31/2013 and 750,563 outstanding at 6/30/2013)	823	750
Additional paid-in capital	53,702	52,613
Retained earnings	92,393	91,778
Accumulated other comprehensive loss	(25,451 )	(24,476 )
Total stockholders' equity	127,578	126,742
Total liabilities and stockholders' equity	\$ 228,784	\$ 230,794

See Notes to Unaudited Consolidated Financial Statements



## THE L. S. STARRETT COMPANY

## Consolidated Statements of Operations

(in thousands except per share data) (unaudited)

	3 Months Ended		6 Months Ended	
	12/31/2013	12/31/2012	12/31/2013	12/31/2012
Net sales	\$61,841	\$ 59,829	\$119,328	\$ 116,766
Cost of goods sold	41,496	41,076	81,174	80,324
Gross margin	20,345	18,753	38,154	36,442
% of Net sales	32.9 %	31.3 %	32.0 %	31.2 %
Selling, general and administrative expenses	17,917	17,899	34,990	36,470
Operating income (loss)	2,428	854	3,164	(28 )
Other income	513	267	622	411
Income before income taxes	2,941	1,121	3,786	383
Income tax expense	1,159	645	1,788	258
Net income	\$1,782	\$ 476	\$1,998	\$ 125
Basic and diluted income per share	\$0.26	\$ 0.07	\$0.29	\$ 0.02
Weighted average outstanding shares used in per share calculations:				
Basic	6,922	6,793	6,908	6,788
Diluted	6,966	6,836	6,949	6,831
Dividends per share	\$0.10	\$ 0.10	\$0.20	\$ 0.20

See Notes to Unaudited Consolidated Financial Statements



## THE L. S. STARRETT COMPANY

## Consolidated Statements of Comprehensive Income (Loss)

(in thousands) (unaudited)

	3 Months Ended		6 Months Ended	
	12/31/2011	12/31/2012	12/31/2011	12/31/2012
Net income	\$1,782	\$ 476	\$1,998	\$ 125
Other comprehensive income (loss), net of tax:				
Translation gain (loss)	(2,120)	(167 )	(945 )	468
Pension and postretirement plans	(15 )	(12 )	(30 )	(23 )
Other comprehensive income (loss)	(2,135)	(179 )	(975 )	445
Total comprehensive income (loss)	\$(353 )	\$ 297	\$1,023	