

Wayside Technology Group, Inc.
Form 10-Q
August 03, 2012

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, 2012

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 No. 000-26408

Wayside Technology Group, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3136104
(I.R.S. Employer Identification No.)

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1157 Shrewsbury Avenue, Shrewsbury, New Jersey 07702

(Address of principal executive offices)

(732) 389-8950

Registrant's Telephone Number

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 and 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 the definitions of "large accelerated filer," "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

There were 4,711,867 outstanding shares of common stock, par value \$.01 per share, (Common Stock) as of July 31, 2012, not including 572,633 shares classified as treasury stock.

PART I FINANCIAL INFORMATION

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,237	\$ 9,202
Marketable securities	5,572	5,375
Accounts receivable, net of allowances of \$1,422 and \$1,513, respectively	50,369	47,066
Inventory, net	1,307	1,240
Prepaid expenses and other current assets	1,256	1,997
Deferred income taxes	347	329
Total current assets	66,088	65,209
Equipment and leasehold improvements, net	370	458
Accounts receivable-long-term	9,551	8,889
Other assets	74	54
Deferred income taxes	250	251
Total assets	\$ 76,333	\$ 74,861
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 45,750	\$ 45,796
Current portion - capital lease obligation	83	76
Total current liabilities	45,833	45,872
Long-term portion - capital lease obligation	14	55
Total liabilities	45,847	45,927
Commitments and contingencies		
Stockholders' equity		
Common Stock, \$.01 par value; 10,000,000 shares authorized, 5,284,500 shares issued; 4,711,867 and 4,679,878 shares outstanding, respectively	53	53
Additional paid-in capital	27,453	26,725
Treasury stock, at cost, 572,633 and 604,622 shares, respectively	(5,012)	(4,991)
Retained earnings	7,665	6,818
Accumulated other comprehensive income	327	329
Total stockholders' equity	30,486	28,934
Total liabilities and stockholders' equity	\$ 76,333	\$ 74,861

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS

(Unaudited)

(In thousands, except per share data)

	Six months ended June 30,		Three months ended June 30,	
	2012	2011	2012	2011
Net sales	\$ 136,076	\$ 112,210	\$ 69,169	\$ 60,661
Cost of sales	124,919	101,784	63,579	55,060
Gross profit	11,157	10,426	5,590	5,601
Selling, general and administrative expenses	7,538	7,170	3,551	3,640
Income from operations	3,619	3,256	2,039	1,961
Interest income, net	254	172	130	86
Realized foreign exchange gain	1	1		1
Income before income tax provision	3,874	3,429	2,169	2,048
Provision for income taxes	1,541	1,358	865	820
Net income	\$ 2,333	\$ 2,071	\$ 1,304	\$ 1,228
Net income per common share - Basic	\$ 0.52	\$ 0.47	\$ 0.29	\$ 0.28
Net income per common share - Diluted	\$ 0.50	\$ 0.45	\$ 0.28	\$ 0.26
Weighted average common shares outstanding-Basic	4,449	4,414	4,471	4,414
Weighted average common shares outstanding-Diluted	4,632	4,647	4,656	4,645
Dividends paid per common share	\$ 0.32	\$ 0.32	\$ 0.16	\$ 0.16

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In thousands)

	Six months ended June 30,		Three months ended June 30,	
	2012	2011	2012	2011
Net income	\$ 2,333	\$ 2,071	\$ 1,304	\$ 1,228
Other comprehensive income, net of tax:				
Foreign currency translation adjustment	(7)	88	(75)	(33)
Unrealized gain on available- for -sale marketable securities	5	4	1	1
Other comprehensive income (loss)	(2)	92	(74)	(32)
Comprehensive income	\$ 2,331	\$ 2,163	\$ 1,230	\$ 1,196

The accompanying notes are an integral part of these condensed consolidated financial statements.

WAYSIDE TECHNOLOGY GROUP, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(Unaudited)

(Dollars in thousands, except share amounts)

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Treasury Shares	Treasury Amount	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance at January 1, 2012	5,284,500	\$ 53	\$ 26,725	604,622	\$ (4,991)	\$ 6,818	\$ 329	\$ 28,934
Net income						2,333		2,333
Translation adjustment							(7)	(7)
Unrealized gain on available- for-sale securities							5	5
Dividends paid						(1,486)		(1,486)
Stock options exercised			153	(53,375)	256			409
Share-based compensation expense			463					463
Tax benefit from share- based compensation			112					