

ASTRO MED INC /NEW/
Form 10-Q
May 25, 2012
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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 April 28, 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 number 0-13200

Astro-Med, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

02893
(Zip Code)

(401) 828-4000
(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 or a non-accelerated filer. 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 7,448,791 shares
(excluding treasury shares) as of May 18, 2012

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Table of Contents**Part I. FINANCIAL INFORMATION****Item 1. Financial Statements****ASTRO-MED, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

| | April 28, 2012 | January 31, 2012 |
|--|---------------------------|-----------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 10,861,141 | \$ 11,703,621 |
| Securities Available for Sale | 12,286,996 | 11,335,924 |
| Accounts Receivable, net | 10,832,018 | 11,800,481 |
| Inventories | 13,823,976 | 14,128,599 |
| Deferred Tax Assets | 2,386,965 | 2,618,578 |
| Line of Credit Receivable | 300,000 | |
| Prepaid Expenses and Other Current Assets | 972,542 | 891,047 |
| Total Current Assets | 51,463,638 | 52,478,250 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Less Accumulated Depreciation | (27,072,176) | (26,705,341) |
| Property, Plant and Equipment, net | 11,037,353 | 11,170,730 |
| OTHER ASSETS | | |
| Goodwill | 2,336,721 | 2,336,721 |
| Notes Receivable | 969,700 | 969,700 |
| Other | 107,134 | 106,735 |
| Total Other Assets | 3,413,555 | 3,413,156 |
| TOTAL ASSETS | \$ 65,914,546 | \$ 67,062,136 |
| <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 2,445,226 | \$ 2,540,116 |
| Accrued Compensation | 2,263,514 | 3,228,728 |
| Other Accrued Expenses | 1,788,066 | 1,807,675 |
| Deferred Revenue | 582,178 | 623,223 |
| Income Taxes Payable | 118,770 | 72,725 |
| Total Current Liabilities | 7,197,754 | 8,272,467 |
| Deferred Tax Liabilities | 1,783,155 | 1,894,104 |
| Other Long Term Liabilities | 841,661 | 1,232,699 |
| TOTAL LIABILITIES | 9,822,570 | 11,399,270 |

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| SHAREHOLDERS EQUITY | | |
|---|----------------------|----------------------|
| Common Stock, \$.05 Par Value, Authorized 13,000,000 shares; Issued 8,999,424 and 8,956,488 shares at April 28, 2012 and January 31, 2012, respectively | 449,975 | 447,829 |
| Additional Paid-In Capital | 38,204,187 | 37,964,204 |
| Retained Earnings | 28,236,566 | 27,919,367 |
| Treasury Stock, at Cost, 1,563,214 and 1,542,276 shares at April 28, 2012 and January 31, 2012, respectively | (10,966,237) | (10,789,805) |
| Accumulated Other Comprehensive Income | 167,485 | 121,271 |
| Total Shareholders Equity | 56,091,976 | 55,662,866 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | \$ 65,914,546 | \$ 67,062,136 |

See Notes to condensed consolidated financial statements (unaudited).

Table of Contents**ASTRO-MED, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | April 28, 2012 | April 30, 2011 |
| Net Sales | \$ 18,424,776 | \$ 18,859,989 |
| Cost of Sales | 11,053,815 | 11,358,701 |
| Gross Profit | 7,370,961 | 7,501,288 |
| Costs and Expenses: | | |
| Selling and Marketing | 4,243,581 | 4,565,539 |
| General and Administrative | 1,036,614 | 910,931 |
| Research and Development | 1,203,495 | 1,467,861 |
| Operating Expenses | 6,483,690 | 6,944,331 |
| Operating Income | 887,271 | 556,957 |
| Other (Expense) Income | (14,102) | 150,320 |
| Income Before Income Taxes | 873,169 | 707,277 |
| Income Tax Provision | 36,353 | 275,838 |
| Net Income | \$ 836,816 | \$ 431,439 |
| Net Income per Common Share: | | |
| Basic | \$ 0.11 | \$ 0.06 |
| Diluted | \$ 0.11 | \$ 0.06 |
| Weighted Average Number of Shares Outstanding: | | |
| Basic | 7,424,852 | 7,267,310 |
| Diluted | 7,486,714 | 7,416,230 |
| Dividends Declared Per Common Share | \$ 0.07 | \$ 0.07 |

See Notes to condensed consolidated financial statements (unaudited).

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ASTRO-MED, INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

| | Three Months Ended | |
|--|---------------------------|---------------------------|
| | April 28, 2012 | April 30, 2011 |
| Net Income | \$ 836,816 | \$ 431,439 |
| Other Comprehensive Income, Net of Taxes and Reclassification Adjustments: | | |
| Foreign Currency Translation Adjustments | 50,935 | 383,010 |
| Unrealized Holding Gain (Loss) Arising During the Period | (4,721) | 8,324 |
| Other Comprehensive Income | 46,214 | 391,334 |
| Comprehensive Income | \$ 883,030 | \$ 822,773 |

See Notes to condensed consolidated financial statements (unaudited).

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

| | Three Months Ended | |
|---|---------------------------|---------------------------|
| | April 28, 2012 | April 30, 2011 |
| Cash Flows from Operating Activities: | | |
| Net Income | \$ 836,816 | \$ 431,439 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Depreciation and Amortization | 341,756 | 405,116 |
| Share-Based Compensation | 47,033 | 77,638 |
| Deferred Income Tax Provision | 120,664 | 19,908 |
| Changes in Assets and Liabilities: | | |
| Accounts Receivable | 968,463 | 20,272 |
| Inventories | 304,623 | 80,670 |
| Income Taxes | (211,118) | 52,489 |
| Accounts Payable and Accrued Expenses | (1,120,758) | 200,390 |
| Other | (179,394) | 210,319 |
| Net Cash Provided by Operating Activities | 1,108,085 | 1,498,241 |
| Cash Flows from Investing Activities: | | |
| Proceeds from Sales/Maturities of Securities Available for Sale | 3,150,000 | 2,700,000 |
| Purchases of Securities Available for Sale | (4,108,225) | (2,698,908) |
| Line of Credit Issuance | (300,000) | |
| Additions to Property, Plant and Equipment | (191,390) | (443,408) |
| Net Cash Used in Investing Activities | (1,449,615) | (442,316) |
| Cash Flows from Financing Activities: | | |
| Proceeds from (Contributions for) Common Shares Issued Under Employee Benefit Plans and Employee Stock Option Plans, Net of Payment of Minimum Tax Withholdings | 18,667 | (100,864) |
| Dividends Paid | (519,617) | (510,030) |
| Net Cash Used in Financing Activities | (500,950) | (610,894) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (842,480) | 445,031 |
| Cash and Cash Equivalents, Beginning of Period | 11,703,621 | 7,720,135 |
| Cash and Cash Equivalents, End of Period | \$ 10,861,141 | \$ 8,165,166 |
| Supplemental Disclosures of Cash Flow Information: | | |
| Cash Paid During the Period for Income Taxes, Net of Refunds | \$ 142,331 | \$ 224,159 |
| See Notes to condensed consolidated financial statements (unaudited). | | |

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ASTRO-MED, INC.

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 by using authorized dealers and international sales representatives, who are managed from our foreign branch offices. Astro-Med, Inc. products are sold under the brand names Astro-Med[®] Test & Measurement, Grass[®] Technologies and QuickLabel[®] Systems and are employed around the world in a wide range of aerospace, automotive, communications, chemical, food and beverage, medical, military, industrial, and packaging applications.

Unless otherwise indicated, references to Astro-Med, the Company, we, our, and us in this Quarterly Report on Form 10-Q refer to Astro-Med Inc. and its consolidated subsidiaries.

(2) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by Astro-Med pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments consisting of normal recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods included herein. These financial statements do not include all disclosures associated with annual financial statements and, accordingly, should be read in conjunction with footnotes contained in the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2012.

Results of operations for the interim periods presented herein are not necessarily indicative of the results that may be expected for the full year.

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported and disclosed in the consolidated financial statements and accompanying notes. Some of the more significant estimates relate to the allowances for doubtful accounts and credits, inventory valuation, impairment of long-lived assets and goodwill, income taxes, share-based compensation and warranty reserves. Management's estimates are based on the facts and circumstances available at the time estimates are made, past historical experience, risk of loss, general economic conditions and trends, and management's assessments of the probable future outcome of these matters. Consequently, actual results could differ from those estimates.