

# ASTRO MED INC /NEW/

## FORM 10-Q (Quarterly Report)

Filed 9/11/1995 For Period Ending 7/29/1995

Address	600 E GREENWICH AVE WEST WARWICK, Rhode Island 02893
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Industry	Computer Peripherals
Sector	Technology
Fiscal Year	01/31

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

## FORM 10-Q

(Mark One)

**X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES**

**EXCHANGE ACT OF 1934**

For the quarterly period ended July 29, 1995

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

05-0318215

(State or other jurisdiction of  
incorporation or organization)

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

600 East Greenwich Avenue, West Warwick, Rhode Island 02893

(Address of principal executive offices) (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 X . 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 - 5,029,869 shares (excluding treasury shares) as of September 6, 1995

ASTRO-MED, INC.

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**Part I. FINANCIAL INFORMATION**

**ASTRO-MED, INC.  
CONSOLIDATED BALANCE SHEETS**

ASSETS	January 31, 1995	July 29, 1995
	-----	-----
		(Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents.....	\$ 1,107,191	\$ 909,877
Securities Available for Sale.....	6,897,781	6,447,734
Accounts Receivable, Net.....	7,828,393	7,528,864
Inventories.....	12,893,544	14,103,071
Prepaid Expenses and Other Current Assets..	2,196,317	1,873,449
	-----	-----
Total Current Assets.....	30,923,226	30,862,995
PROPERTY, PLANT AND EQUIPMENT		
Less Accumulated Depreciation.....	15,888,684	16,654,372
	7,254,555	7,836,244
	-----	-----
	8,634,129	8,818,128
OTHER ASSETS		
Excess of Cost Over Net Assets Acquired....	1,047,613	1,029,454
Other.....	1,572,326	1,577,749
	-----	-----
	2,619,939	2,607,203
	-----	-----
	\$42,177,294	\$42,288,326
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable.....	\$ 2,850,382	\$ 2,238,982
Note Payable to Bank.....		500,000
Accrued Compensation.....	1,015,956	734,177
Accrued Expenses.....	802,321	557,194
Income Taxes.....	715,633	698,530
Current Maturities of Long-Term Debt.....	51,703	51,703
	-----	-----
Total Current Liabilities.....	5,435,995	4,780,586
LONG-TERM DEBT, Less Current Maturities.....	244,072	219,072
EXCESS OF NET ASSETS ACQUIRED OVER COST.....	491,115	649,263
DEFERRED INCOME TAXES.....	726,178	745,488
STOCKHOLDERS' EQUITY		
Preferred Stock, \$10 Par Value, Authorized 100,000 Shares, None Issued....		
Common Stock, \$.05 Par Value, Authorized 13,000,000 Shares, Issued 5,118,268 and 5,119,846 Shares, Respectively.....	255,913	255,992
Additional Paid-In Capital.....	5,515,632	5,529,552
Retained Earnings.....	30,355,938	30,921,778
Treasury Stock, at Cost (77,566 Shares and 90,566 Shares, Respectively).....	(672,755)	(788,096)
Cumulative Translation Adjustment.....	(80,722)	(30,960)
Net Unrealized Gain (Loss) on Securities Available for Sale.....	(94,072)	5,651
	-----	-----
	35,279,934	35,893,917
	-----	-----
	\$42,177,294	\$42,288,326
	=====	=====

**ASTRO-MED, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended	
	July 30, 1994	July 29, 1995
Net Sales.....	\$9,093,616	\$10,787,593
Cost of Sales.....	4,899,829	6,174,010
Gross Profit.....	4,193,787	4,613,583
Costs and Expenses:		
Selling, General and Administrative.....	2,513,031	3,444,216
Research and Development.....	598,684	602,762
	3,111,715	4,046,978
Operating Income.....	1,082,072	566,605
Other Income (Expense):		
Interest and Dividend Income.....	165,391	75,944
Interest Expense.....	(8,059)	(11,188)
Other, Net.....	28,815	55,522
	186,147	120,278
Income before Income Taxes.....	1,268,219	686,883
Provision for Income Taxes.....	363,000	161,000
Net Income.....	\$ 905,219	\$ 525,883
	=====	=====
Earnings Per Common Share.....	\$.18	\$.10
	====	====
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,091,601	5,098,020
	=====	=====
Dividends Declared Per Common Share.....	\$.03	\$.03
	====	====

**ASTRO-MED, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF INCOME**

	Six Months Ended	
	July 30, 1994	July 29, 1995
Net Sales.....	\$15,644,571	\$21,742,889
Cost of Sales.....	8,556,666	12,886,280
Gross Profit.....	7,087,905	8,856,609
Costs and Expenses:		
Selling, General and Administrative.....	5,097,699	6,880,573
Research and Development.....	1,226,013	1,220,102
	6,323,712	8,100,675
Operating Income.....	764,193	755,934
Other Income (Expense):		
Interest and Dividend Income.....	321,618	175,168
Interest Expense.....	(19,286)	(17,276)
Other, Net.....	96,238	237,110
	398,570	395,002
Income before Income Taxes.....	1,162,763	1,150,936
Provision for Income Taxes.....	311,000	283,000
Net Income.....	\$ 851,763	\$ 867,936
	=====	=====
Earnings Per Common Share.....	\$.17	\$.17
	====	====
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,095,147	5,100,921
	=====	=====
Dividends Declared Per Common Share.....	\$.06	\$.06
	====	====

**ASTRO-MED, INC.**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six Months Ended	
	July 30, 1994	July 29, 1995
Cash Flows from Operating Activities:		
Net Income .....	\$ 851,763	\$ 867,936
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	568,705	757,996
Deferred Income Taxes.....	19,310	19,310
Other.....	(16,705)	(5,423)
Changes in Assets and Liabilities:		
Accounts Receivable.....	(806,499)	299,529
Inventories.....	(2,056,132)	(1,209,527)
Other.....	126,708	357,180
Accounts Payable and Accrued Expenses....	1,117,080	(1,138,306)
Income Taxes.....	(246,875)	(17,103)
Total Adjustments.....	(1,294,408)	(936,344)
Net Cash Provided (Used) by Operating Activities.....	(442,645)	(68,408)
Cash Flows from Investing Activities:		
Proceeds from Sales of Securities		
Available for Sale.....	6,069,697	3,325,128
Purchases of Securities Available for Sale.....	(4,665,070)	(2,759,908)
Purchases of Investments.....		(500,000)
Additions to Property, Plant and Equipment.....	(446,971)	(765,688)
Net Cash Provided (Used) by Investing Activities.....	457,656	(200,468)
Cash Flows from Financing Activities:		
Payments of Long-Term Debt.....	(176,703)	(25,000)
Short-Term Borrowing from Bank.....		500,000
Proceeds from Common Shares Issued		
Under Employee Benefit Plans.....	25,379	74,912
Purchases of Treasury Stock.....		(176,254)
Dividends Paid.....	(301,962)	(302,096)
Net Cash Provided (Used) by Financing Activities.....	(453,286)	71,562
Net Increase (Decrease) in Cash and Cash Equivalents.....	(438,275)	(197,314)
Cash and Cash Equivalents, Beginning of Period.	1,300,132	1,107,191
Cash and Cash Equivalents, End of Period.....	\$ 861,857	\$ 909,877
	=====	=====
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest.....	\$ 20,931	\$ 48,179
Income Taxes.....	\$ 607,000	\$ 254,407

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

July 29, 1995

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(a) The accompanying financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission, and reflect all adjustments which, in the opinion of management, are necessary for a fair statement of the results of the interim periods presented. 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 year ended January 31, 1995.

(b) Earnings per common share are computed based on the weighted average number of common shares and common share equivalents outstanding during each period. Common share equivalents include the dilutive effect of certain stock options under the treasury stock method. Fully diluted earnings per share have not been separately presented since they are not materially different.

**Note 2 - INVENTORIES**

Inventories are stated at the lower of cost (first-in, first-out) or market and include material, labor and manufacturing overhead. The components of inventories were as follows:

	January 31, 1995	July 29, 1995
Materials and Supplies..	\$ 7,508,626	\$ 8,359,157
Work-In-Process.....	2,475,326	1,993,220
Finished Goods.....	2,909,592	3,750,694
	-----	-----
	\$12,893,544	\$14,103,071
	=====	=====

**Note 3 - ACQUISITION**

On August 1, 1994, the Company acquired Grass Instrument Co., a privately held corporation ("Grass"), and Cannon Manufacturing Company, a privately held corporation ("Cannon") affiliated with Grass by common ownership. Following a merger, the combined businesses of Grass and Cannon continue as a wholly-owned subsidiary of the Company under the name "Grass Instrument Co."

On an unaudited proforma basis, assuming Grass and Cannon had been acquired on February 1, 1994, the Company's consolidated net sales would have been \$11,510,508 for the three months ended July 30, 1994 and \$20,478,354 for the six months ended July 30, 1994. The proforma effect on net income and earnings per share is not material.



**ASTRO-MED, INC.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION  
AND RESULTS OF OPERATIONS**

**Results of Operations:**

Net sales in the current quarter and six months increased 19% and 39%, respectively, compared to prior year totals. Excluding sales of the new business acquired (see note 3 of Notes to Consolidated Financial Statements), net sales for the second quarter of the current fiscal year decreased approximately 6% as compared to the second quarter a year ago. For the six months of the current fiscal year, comparable net sales were approximately 9% higher than for the same period of the prior year. Changes in sales have been spread between recorders/printers and bar code printer products in all geographic market sectors.

Consolidated gross profit as a percentage of sales was 43% for the second quarter and 41% for the six months of the current year. For the prior year, the percentages were 46% and 45%, respectively. The declines were due in part to the inclusion of sales of the new business which historically has experienced substantially lower margins. Excluding sales of the new business, gross profit was 43% in the current second quarter and 43% for the current six months. Gross profit margins of the new business have been improved through the introduction of certain manufacturing efficiencies and selected modest price increases. Overall, margins in the current year have been affected by product sales mix and increased sales of certain products to dealers and independent sales representatives who receive a resale discount.

Selling, general and administrative expenses without the new business acquired rose by approximately 12% in both the second quarter and six months of the current fiscal year as compared to amounts for the same periods in the prior fiscal year. There were no individually significant expenses affecting the totals. The most substantial changes in the current year resulted from increased advertising and from additional sales personnel and their related expenses.

Research and development costs in the current second quarter and six months did not vary significantly from comparable previous year totals. The level of such costs remains high, however, reflecting the Company's commitment to the development of new and improved products.

Interest and dividend income decreased noticeably in the current second quarter and six months compared to prior year totals because of a reduction in invested funds following the acquisition for cash of the business referred to above.

**ASTRO-MED, INC.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION**  
**AND RESULTS OF OPERATIONS**

(Continued)

**Financial Condition:**

Long-term debt appearing in the consolidated balance sheets as of the end of each respective period consists of the remainder of an industrial development revenue bond financing used in prior years to construct facilities and make major acquisitions of machinery and equipment.

The Company's present cash and investment securities, together with funds generated from operations and capital resources available to it, are expected to satisfy requirements for working capital and other needs for the foreseeable future. The increased investment in inventories shown in the latest balance sheet is in accordance with business plans. No additional long-term financing is planned.

**PART II. OTHER INFORMATION**

**Item 6. Exhibits and Reports on Form 8-K**

(a) Exhibits:

None.

(b) Reports on Form 8-K:

No reports on Form 8-K have been filed during the quarter for which this report is filed.

**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 thereunto duly authorized.

**ASTRO-MED, INC.**  
(Registrant)

*Date: September 7, 1995*

*By /s/ A. W. Ondis*

-----  
*A. W. Ondis, Chairman  
(Principal Executive Officer)*

*Date: September 7, 1995*

*By /s/ Eugene S. Libby*

-----  
*Eugene S. Libby, Vice  
President and Treasurer  
(Principal Financial Officer)*

## ARTICLE 5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

PERIOD TYPE	6 MOS
FISCAL YEAR END	JAN 31 1995
PERIOD START	FEB 01 1995
PERIOD END	JUL 29 1995
CASH	909,877
SECURITIES	6,447,734
RECEIVABLES	7,528,864
ALLOWANCES	0
INVENTORY	14,103,071
CURRENT ASSETS	30,862,995
PP&E	16,654,372
DEPRECIATION	7,836,244
TOTAL ASSETS	42,288,326
CURRENT LIABILITIES	4,780,586
BONDS	219,072
COMMON	255,992
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	35,637,925
TOTAL LIABILITY AND EQUITY	42,288,326
SALES	21,742,887
TOTAL REVENUES	21,742,887
CGS	12,886,280
TOTAL COSTS	20,986,955
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	17,276
INCOME PRETAX	1,150,936
INCOME TAX	283,000
INCOME CONTINUING	867,936
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	867,936
EPS PRIMARY	.17
EPS DILUTED	.17

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**End of Filing**

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