

ASTRO MED INC /NEW/

FORM 10-Q (Quarterly Report)

Filed 9/13/1996 For Period Ending 8/3/1996

Address	600 E GREENWICH AVE WEST WARWICK, Rhode Island 02893
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CIK	000008146
Industry	Computer Peripherals
Sector	Technology
Fiscal Year	01/31

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 3, 1996

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 . 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 - 4,964,178 shares (excluding treasury shares) as of August 26, 1996

ASTRO-MED, INC.

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Part I. FINANCIAL INFORMATION

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

ASSETS	January 31, 1996	August 3, 1996
	-----	-----
		(Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents.....	\$ 2,033,713	\$ 5,202,209
Securities Available for Sale.....	6,659,828	6,806,141
Accounts Receivable, Net.....	8,318,005	7,511,152
Inventories.....	12,533,553	11,674,043
Prepaid Expenses and Other Current Assets..	1,424,757	1,652,147
	-----	-----
Total Current Assets.....	30,969,856	32,845,692
PROPERTY, PLANT AND EQUIPMENT		
Less Accumulated Depreciation.....	(8,350,722)	(8,896,835)
	-----	-----
	8,713,133	8,075,986
	-----	-----
OTHER ASSETS		
Excess of Cost Over Net Assets Acquired....	1,012,693	994,534
Other.....	1,607,049	543,072
	-----	-----
	2,619,742	1,537,606
	-----	-----
	\$42,302,731	\$42,459,284
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable.....	\$ 2,136,825	\$ 1,699,931
Accrued Compensation.....	1,200,082	929,341
Accrued Expenses.....	730,345	1,232,150
Income Taxes.....	432,540	728,308
Current Maturities of Long-Term Debt.....	50,000	50,000
	-----	-----
Total Current Liabilities.....	4,549,792	4,639,730
LONG-TERM DEBT, Less Current Maturities.....	175,000	125,000
EXCESS OF NET ASSETS ACQUIRED OVER COST.....	761,879	653,039
DEFERRED INCOME TAXES.....	834,754	834,754
STOCKHOLDERS' EQUITY		
Preferred Stock, \$10 Par Value, Authorized 100,000 Shares, None Issued....		
Common Stock, \$.05 Par Value, Authorized 13,000,000 Shares, Issued 5,123,310 and 5,132,249 Shares, Respectively.....	256,166	256,613
Additional Paid-In Capital.....	5,554,100	5,596,790
Retained Earnings.....	31,079,623	31,825,143
Treasury Stock, at Cost (103,066 Shares and 153,071 Shares, Respectively).....	(902,169)	(1,331,736)
Cumulative Translation Adjustment.....	(38,368)	(119,757)
Net Unrealized Gain (Loss) on Securities Available for Sale.....	31,954	(20,292)
	-----	-----
	35,981,306	36,206,761
	-----	-----
	\$42,302,731	\$42,459,284
	=====	=====

ASTRO-MED, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	July 29, 1995	August 3, 1996
Net Sales.....	\$10,787,593	\$11,178,773
Cost of Sales.....	6,174,010	6,775,828
Gross Profit.....	4,613,583	4,402,945
Costs and Expenses:		
Selling, General and Administrative.....	3,444,216	3,131,111
Research and Development.....	602,762	597,592
	4,046,978	3,728,703
Operating Income.....	566,605	674,242
Other Income (Expense):		
Investment Income.....	75,944	151,669
Interest Expense.....	(11,188)	(3,958)
Other, Net.....	55,522	17,515
	120,278	165,226
Income before Income Taxes.....	686,883	839,468
Provision for Income Taxes.....	161,000	253,000
Net Income.....	\$ 525,883	\$ 586,468
	=====	=====
Earnings Per Common Share.....	\$.10	\$.12
	=====	=====
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,098,020	5,031,192
	=====	=====
Dividends Declared Per Common Share.....	\$.03	\$.03
	=====	=====

ASTRO-MED, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Six Months Ended	
	July 29, 1995	August 3, 1996
Net Sales.....	\$21,742,889	\$21,668,594
Cost of Sales.....	12,886,280	13,307,354
	8,856,609	8,361,240
Gross Profit.....		
Costs and Expenses:		
Selling, General and Administrative.....	6,880,573	6,482,377
Research and Development.....	1,220,102	1,203,507
	8,100,675	7,685,884
Operating Income.....	755,934	675,356
Other Income (Expense):		
Investment Income.....	175,168	670,708
Interest Expense.....	(17,276)	(7,913)
Other, Net.....	237,110	35,433
	395,002	698,228
Income before Income Taxes.....	1,150,936	1,373,584
Provision for Income Taxes.....	283,000	344,000
	867,936	1,029,584
Net Income.....	\$ 867,936	\$ 1,029,584
	\$.17	\$.20
Earnings Per Common Share.....		
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,100,921	5,034,633
	\$.06	\$.06
Dividends Declared Per Common Share.....		

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

	Six Months Ended	
	July 29, 1995	August 3, 1996
Cash Flows from Operating Activities:		
Net Income.....	\$ 867,936	\$1,029,584
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	757,996	455,432
Gain on Sale of Investment.....		(416,090)
Deferred Income Taxes.....	19,310	
Other.....	(5,423)	
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable.....	299,529	806,853
(Increase) decrease in Inventories.....	(1,209,527)	859,510
[Decrease(increase)in] Other.....	357,180	(352,201)
(Decrease) increase in Accounts Payable and Accrued Expenses.....	(1,138,306)	(205,830)
(Decrease) increase in Accrued Income Taxes.....	(17,103)	295,768
Total Adjustments.....	(936,344)	1,443,442
Net Cash Provided by Operating Activities.....	(68,408)	2,473,026
 Cash Flows from Investing Activities:		
Proceeds from Sales of Securities Available for Sale.....	3,325,128	1,487,684
Purchases of Securities Available for Sale.....	(2,759,908)	(146,313)
Proceeds from Sale of Building.....		515,935
Additions to Property, Plant and Equipment.....	(765,688)	(425,966)
Net Cash Provided by Investing Activities.....	(200,468)	1,431,340
 Cash Flows from Financing Activities:		
Payments of Long-Term Debt.....	(25,000)	(50,000)
Short-Term Borrowing from Bank.....	500,000	
Proceeds from Common Shares Issued Under Employee Benefit Plans.....	74,912	43,137
Purchases of Treasury Stock.....	(176,254)	(429,567)
Dividends Paid.....	(302,096)	(299,440)
Net Cash (Used) by Financing Activities.....	71,562	(735,870)
Net Increase/(Decrease) in Cash and Cash Equivalents.....	(197,314)	3,168,496
Cash and Cash Equivalents, Beginning of Period....	1,107,191	2,033,713
Cash and Cash Equivalents, End of Period.....	\$ 909,877	\$5,202,209
	=====	=====
 Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest.....	\$ 48,179	\$ 24,410
Income Taxes.....	\$ 254,407	\$ 48,714

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 3, 1996

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. All accounting policies have been applied in a manner consistent with prior periods. 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, 1996.

(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 would not be 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, 1996	August 3, 1996
Materials and Supplies..	\$ 6,460,730	\$ 7,672,000
Work-In-Process.....	1,381,220	967,043
Finished Goods.....	4,691,603	3,035,000
	-----	-----
	\$12,533,553	\$11,674,043
	=====	=====

ASTRO-MED, INC.

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

Results of Operations:

Second quarter Net Sales increased 4% over the same period of the prior year. For the first six months, this year's Net Sales are virtually flat with last year. All product groups achieved sales growth in the second quarter, including the traditional Astro-Med recorder and data acquisition products, media products, and the Company's Grass Instruments Division. New product offerings from the printer line, including Sundance, as well as the new data acquisition product, Astro-DAQ, contributed to the increase. The Company's expansion into international markets continued during the second quarter. International markets now represent 28% of the Company's Net Sales.

Consolidated Gross Profits were 39% in the second quarter, producing a yield which was lower than the 43% in Gross Profits of a year ago. Product mix was the primary reason for this year's lower yield. For the first two quarters, the Company's Gross Profits stand at 39% as compared to last year's 41%. The Company expects increased demand for its core products and the effect of the new product offerings to drive higher gross profit margins.

Operating expenses were 8% lower than last year's second quarter level. After six months operating expenses are 5% lower than last year. The Company continues to control and reduce selling and administration expenses while insuring strategic growth requirements such as R & D and marketing commitments are funded.

During the second quarter the Company reported other income of \$165,000. The result, an improvement over last year's net of \$120,000, was attributable to increases in interest income. For the first six months other income, net is \$303,000 higher than the prior year totals, due to gains realized this year from the sale of investment securities as well as additional interest income earned on the Company's portfolio of short term securities.

Financial Condition:

The Company's cash flow increased by \$380,000 during the second quarter, with the prime source being operations and specifically inventory reductions. Cash was consumed in the quarter on capital expenditures, payment of the quarterly dividend, and increasing the investment in accounts receivable. The working capital balance rose slightly during the second quarter to \$28,200,000, while the Company maintained a 7:1 current ratio.

The Company's cash balances increased \$3,168,000 during the first six months of this fiscal year. The increase was drawn from operating activities, \$2,473,000, specifically net income and accounts receivable and inventory reductions; as well as investing activities, \$1,431,000, being proceeds from the sale of securities and real estate.

Long Term Debt consists of the balance due on an industrial development revenue bond which was used to finance facilities construction and acquisition of machinery and equipment.

In the second quarter the Company increased its treasury stock level by purchasing 8000 shares of the Company's common stock.

The balance sheet is well positioned to fund the Company's growth plans. At present no additional long term financing is planned.

PART II. OTHER INFORMATION

Item 4 - Submission of Matters to a Vote of Security Holders

On May 21, 1996, the Company held its Annual Meeting of Shareholders. Albert W. Ondis, Everett V. Pizzuti, Jacques V. Hopkins, Hermann Viets and Neil K. Robertson were elected to be the Directors of the Company. Set forth below are the results of each matter voted upon at the Annual Meeting:

	For ---	Withheld -----
1. Election of Directors:		
(a) Albert W. Ondis	4,489,794	6,651
(b) Everett V. Pizzuti	4,491,144	5,301
(c) Jacques V. Hopkins	4,490,694	5,751
(d) Hermann Viets	4,491,144	5,301
(e) Neil K. Robertson	4,490,469	5,976

2. Approval of the Non-Employee Stock Option Plan:

For ---	Against -----	Abstentions -----
4,233,249	144,214	116,079

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 3, 1996 By /s/ A. W. Ondis

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

Date: September 3, 1996 By /s/ Joseph P. O'Connell

Joseph P. O'Connell, Vice
President and Treasurer
(Principal Financial Officer)

SAFE HARBOR STATEMENT

Statements which are not historical facts including statements about our expectations on new and existing products and opportunities, market growth, demand and acceptance of new and existing products are forward looking statements that involve risks and uncertainties. Those uncertainties include but are not limited to product demand and market acceptance risks; the impact of competitive products and pricing; delays or difficulties in developing, producing, testing and selling new products and technologies; capacity and supply constraints or difficulties; trade, legal, social and economic risks such as licensing, and trade restrictions, including those affecting international trade; and other risk factors listed from time to time in the Company's SEC reports including but not limited to the report on Form 10-Q for the quarter ended August 3, 1996.

ARTICLE 5

PERIOD TYPE	3 MOS
FISCAL YEAR END	JAN 31 1997
PERIOD START	MAY 05 1996
PERIOD END	AUG 03 1996
CASH	5,202,209
SECURITIES	6,806,141
RECEIVABLES	7,511,152
ALLOWANCES	0
INVENTORY	11,674,043
CURRENT ASSETS	32,845,692
PP&E	16,972,821
DEPRECIATION	8,896,835
TOTAL ASSETS	42,459,284
CURRENT LIABILITIES	4,639,730
BONDS	125,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	256,613
OTHER SE	35,950,148
TOTAL LIABILITY AND EQUITY	42,459,284
SALES	11,178,773
TOTAL REVENUES	11,178,773
CGS	6,775,828
TOTAL COSTS	6,775,828
OTHER EXPENSES	3,728,703
LOSS PROVISION	0
INTEREST EXPENSE	8,062
INCOME PRETAX	839,468
INCOME TAX	253,000
INCOME CONTINUING	586,468
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	586,468
EPS PRIMARY	.12
EPS DILUTED	.12

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