

# ASTRO MED INC /NEW/

## FORM 10-Q (Quarterly Report)

Filed 6/6/1996 For Period Ending 5/4/1996

Address	600 E GREENWICH AVE WEST WARWICK, Rhode Island 02893
Telephone	401-828-4000
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 May 4, 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 (I.R.S. Employer  
incorporation or organization) 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)  
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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 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 - 4,978,117 shares (excluding treasury shares) as of May 21, 1996

# ASTRO-MED, INC.

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**Part I. FINANCIAL INFORMATION**

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

ASSETS	January 31, 1996 -----	May 4, 1996 ----- (Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents.....	\$ 2,033,713	\$ 4,822,326
Securities Available for Sale.....	6,659,828	6,737,044
Accounts Receivable, Net.....	8,318,005	6,647,746
Inventories.....	12,533,553	12,705,386
Prepaid Expenses and Other Current Assets..	1,424,757	1,415,723
	-----	-----
Total Current Assets.....	30,969,856	32,328,225
PROPERTY, PLANT AND EQUIPMENT		
Less Accumulated Depreciation.....	17,063,855	16,694,070
	(8,350,722)	(8,600,068)
	-----	-----
	8,713,133	8,094,002
OTHER ASSETS		
Excess of Cost Over Net Assets Acquired....	1,012,693	1,003,613
Other.....	1,607,049	534,456
	-----	-----
	2,619,742	1,538,069
	-----	-----
	\$42,302,731	\$41,960,296
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable.....	\$ 2,136,825	\$ 1,974,693
Accrued Compensation.....	1,200,082	1,028,083
Accrued Expenses.....	730,345	973,934
Income Taxes.....	432,540	485,327
Current Maturities of Long-Term Debt.....	50,000	50,000
	-----	-----
Total Current Liabilities.....	4,549,792	4,512,037
LONG-TERM DEBT, Less Current Maturities.....	175,000	150,000
EXCESS OF NET ASSETS ACQUIRED OVER COST.....	761,879	707,459
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 5,126,683 Shares, Respectively.....	256,166	256,334
Additional Paid-In Capital.....	5,554,100	5,569,866
Retained Earnings.....	31,079,623	31,357,328
Treasury Stock, at Cost (103,066 Shares and 153,066 Shares, Respectively).....	(902,169)	(1,336,548)
Cumulative Translation Adjustment.....	(38,368)	(83,903)
Net Unrealized Gain (Loss) on Securities Available for Sale.....	31,954	(7,031)
	-----	-----
	35,981,306	35,756,046
	-----	-----
	\$42,302,731	\$41,960,296
	=====	=====

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

	Three Months Ended	
	April 29, 1995	May 4, 1996
	-----	-----
Net Sales.....	\$10,955,296	\$10,489,822
Cost of Sales.....	6,712,270	6,531,526
	-----	-----
Gross Profit.....	4,243,026	3,958,296
Costs and Expenses:		
Selling, General and Administrative.....	3,436,357	3,351,265
Research and Development.....	617,340	605,921
	-----	-----
	4,053,697	3,957,186
	-----	-----
Operating Income.....	189,329	1,110
Other Income (Expense):		
Investment Income.....	99,224	519,039
Interest Expense.....	(6,088)	(3,955)
Other, Net.....	181,588	17,917
	-----	-----
	274,724	533,001
	-----	-----
Income before Income Taxes.....	464,053	534,111
Provision for Income Taxes.....	122,000	91,000
	-----	-----
Net Income.....	\$ 342,053	\$ 443,111
	=====	=====
Earnings Per Common Share.....	\$.07	\$.09
	=====	=====
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,103,716	5,038,008
	=====	=====
Dividends Declared Per Common Share.....	\$.03	\$.03
	=====	=====

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

	Three Months Ended	
	April 29, 1995	May 4, 1996
<b>Cash Flows from Operating Activities:</b>		
Net Income.....	\$ 342,053	\$ 443,111
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	276,834	204,006
Gain on Sale of Investment.....		(416,090)
Other.....	1,062	
Changes in Assets and Liabilities:		
Accounts Receivable.....	643,626	1,670,259
Inventories.....	(1,191,638)	(171,833)
Other.....	307,694	9,034
Accounts Payable and Accrued Expenses.....	(201,742)	(189,403)
Income Taxes.....	8,724	52,787
	(155,440)	1,158,760
Total Adjustments		
Net Cash Provided by Operating Activities.....	186,613	1,601,871
<b>Cash Flows from Investing Activities:</b>		
Proceeds from Sales of Securities Available for Sale.....	2,508,665	1,487,684
Purchases of Securities Available for Sale.....	(1,892,942)	(77,216)
Proceeds from Sale of Building		515,935
Additions to Property, Plant and Equipment.....	(457,466)	(146,150)
	158,257	1,780,253
Net Cash Provided by Investing Activities.....		
<b>Cash Flows from Financing Activities:</b>		
Payments of Long-Term Debt.....	(25,000)	(25,000)
Proceeds from Common Shares Issued Under Employee Benefit Plans.....	68,896	15,933
Purchases of Treasury Stock.....	(176,254)	(434,379)
Dividends Paid.....	(151,229)	(150,065)
	(283,587)	(593,511)
Net Cash (Used) by Financing Activities.....		
Net Increase in Cash and Cash Equivalents.....	61,283	2,788,613
Cash and Cash Equivalents, Beginning of Period....	1,107,191	2,033,713
	\$1,168,474	\$4,822,326
Cash and Cash Equivalents, End of Period.....	=====	=====
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash Paid During the Period for:		
Interest.....	\$ 27,868	\$ 8,643
Income Taxes.....	\$ 100,456	\$ 38,224

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

May 4, 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. 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	May 4, 1996
	-----	-----
Materials and Supplies..	\$ 6,460,730	\$ 7,568,140
Work-In-Process.....	1,381,220	1,162,546
Finished Goods.....	4,691,603	3,974,700
	-----	-----
	\$12,533,553	\$12,705,386
	=====	=====

**ASTRO-MED, INC.**

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

**Results of Operations:**

Sales Revenues in the 1st Quarter declined 4% from the previous year's first quarter sales. The results were attributable to lower sales volume in the traditional recorder products and certain Grass Instrument product lines. Sales of the Company's new product lines continued to increase with double digit growth rates reported in the Bar Code, SUNDANCE and K3 product lines. Growth was also strong in the Company's international offices where a sales increase of 22% was realized. The Company does expect this trend in new product expansion to drive its growth strategy.

Gross profits during the quarter were 38% compared to 39% reported in the 1st quarter of the previous fiscal year. The product line mix was the prime contributor to the lower yield. As the new printers and data acquisition products increase their market penetration, the Company expects its Gross Profit Margins to improve.

Selling, General & Administrative, and Research & Development spending in the 1st Quarter were lower than last year by 3%. The 1st Quarter's investment of \$606,000 in Research & Development dollars affirms the Company's continued commitment to the development of new and improved product offerings.

The Company's Investment Income was significantly higher than last year's first Quarter results. The increment was due to gains realized from the sales of securities in the Company's investment portfolio.

**Financial Condition:**

Long term debt 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 current 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 4. Results of Votes of Security Holders

An Annual Meeting of Shareholders of the registrant was held May 21, 1996. A proposed stock option plan was presented to the shareholders for their approval. Also, shareholders were asked to elect a Board of Directors to serve until the next Annual Meeting of Shareholders or until their successors are elected and qualified.

The Company's Non-Employee Director Stock Option Plan was approved by the following vote: For--4,233,249; Against--144,214; Abstain--116,079.

In an uncontested election, nominees for directors were elected by the following votes:

Name of Nominee for Director	Votes For	Votes Withheld
Albert W. Ondis	4,489,794	6,651
Everett V. Pizzuti	4,491,144	5,301
Jacques V. Hopkins	4,490,694	5,751
Hermann Viets	4,491,144	5,301
Neil K. Robertson	4,490,469	5,976

### 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: May 21, 1996

By \_\_\_\_\_  
A. W. Ondis, Chairman  
(Principal Executive Officer)

Date: May 21, 1996

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

## ARTICLE 5

PERIOD TYPE	3 MOS
FISCAL YEAR END	JAN 31 1997
PERIOD START	FEB 01 1996
PERIOD END	MAY 04 1996
CASH	4,822,326
SECURITIES	6,737,044
RECEIVABLES	6,647,746
ALLOWANCES	0
INVENTORY	12,705,386
CURRENT ASSETS	32,328,225
PP&E	16,694,070
DEPRECIATION	8,600,068
TOTAL ASSETS	41,960,296
CURRENT LIABILITIES	4,512,037
BONDS	150,000
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	256,334
OTHER SE	35,499,712
TOTAL LIABILITY AND EQUITY	41,960,296
SALES	10,489,822
TOTAL REVENUES	10,489,822
CGS	6,531,526
TOTAL COSTS	6,531,526
OTHER EXPENSES	3,957,186
LOSS PROVISION	0
INTEREST EXPENSE	3,955
INCOME PRETAX	534,111
INCOME TAX	91,000
INCOME CONTINUING	443,111
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	443,111
EPS PRIMARY	0.09
EPS DILUTED	0.09

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