

ASTRO MED INC /NEW/

FORM 10-Q (Quarterly Report)

Filed 6/12/1998 For Period Ending 5/2/1998

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 May 2, 1998

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 - 4,757,354 shares (excluding treasury shares) as of May 30, 1998

ASTRO-MED, INC.
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Part I. FINANCIAL INFORMATION

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

ASSETS	January 31, 1998 -----	May 2, 1998 ----- (Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents.....	\$ 5,659,552	\$ 5,504,771
Securities Available for Sale.....	7,472,693	7,518,610
Accounts Receivable, Net.....	7,828,064	7,397,735
Inventories.....	10,341,856	10,717,883
Prepaid Expenses and Other Current Assets.....	1,561,313	1,790,036
	-----	-----
Total Current Assets.....	32,863,478	32,929,035
PROPERTY, PLANT AND EQUIPMENT		
PROPERTY, PLANT AND EQUIPMENT	18,056,693	18,241,180
Less Accumulated Depreciation.....	(10,155,952)	(10,513,570)
	-----	-----
	7,900,741	7,727,610
OTHER ASSETS		
Excess of Cost Over Net Assets Acquired.....	940,084	931,009
Amounts Due from Officers.....	453,264	453,264
Other.....	656,147	656,126
	-----	-----
	2,049,495	2,040,399
	-----	-----
	\$42,813,714	\$42,697,044
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable.....	\$ 2,267,722	\$ 2,403,226
Accrued Compensation.....	1,221,662	1,320,561
Accrued Expenses.....	1,470,849	1,570,787
Income Taxes.....	614,631	568,654
Current Maturities of Long-Term Debt.....	177,774	177,774
	-----	-----
Total Current Liabilities.....	5,752,638	6,041,002
LONG-TERM DEBT, Less Current Maturities.....	227,998	171,793
EXCESS OF NET ASSETS ACQUIRED OVER COST.....	326,519	272,099
DEFERRED INCOME TAXES.....	747,560	747,560
SHAREHOLDERS' EQUITY		
Preferred Stock, \$10 Par Value, Authorized 100,000 Shares, None Issued.....		
Common Stock, \$.05 Par Value, Authorized 13,000,000 Shares, Issued 5,140,448 and 5,141,249 Shares, Respectively.....	257,023	257,062
Additional Paid-In Capital.....	5,649,101	5,654,568
Retained Earnings.....	33,085,917	32,790,389
Treasury Stock, at Cost (355,895 Shares and 383,895 Shares, Respectively).....	(3,062,945)	(3,102,945)
Accumulated Other Comprehensive Income (Loss)..	(170,097)	(134,484)
	-----	-----
	35,758,999	35,464,590
	-----	-----
	\$42,813,714	\$42,697,044
	=====	=====

ASTRO-MED, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	May 3, 1997	May 2, 1998
Net Sales.....	\$11,706,507	\$10,056,440
Cost of Sales.....	7,202,596	6,180,833
Gross Profit.....	4,503,911	3,875,607
Costs and Expenses:		
Selling, General and Administrative.....	3,139,098	3,507,636
Research and Development.....	709,328	757,964
	3,848,426	4,265,600
Operating Income (Loss).....	655,485	(389,992)
Other Income (Expense):		
Investment Income.....	194,199	208,804
Interest Expense.....	(3,239)	(6,143)
Other, Net.....	(24,018)	46,523
	166,942	249,184
Income (Loss) before Income Taxes.....	822,427	(140,808)
Provision (Benefit) for Income Taxes.....	(244,055)	37,000
Net Income (Loss).....	\$ 578,372	\$ (103,808)
	=====	=====
Earnings (Loss) Per Common Share-basic.....	\$.12	\$(.02)
	=====	=====
Earnings (Loss) Per Common Share-diluted.....	\$.12	\$(.02)
	=====	=====
Weighted Average Number of Common and Common Equivalent Shares Outstanding-basic.....	4,917,691	4,780,634
	=====	=====
Weighted Average Number of Common and Common Equivalent Shares Outstanding-diluted.....	4,964,505	4,780,634
	=====	=====
Dividends Declared Per Common Share.....	\$.04	\$.04
	=====	=====

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

	Three Months Ended	
	May 3, 1997	May 2, 1998
Cash Flows from Operating Activities:		
Net Income (Loss).....	\$ 578,372	\$ (103,808)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	310,573	312,273
Other.....	(72,785)	35,634
Changes in Assets and Liabilities:		
Accounts Receivable.....	613,665	430,329
Inventories.....	(30,894)	(376,027)
Other.....	(493,749)	(228,723)
Accounts Payable and Accrued Expenses...	264,713	334,341
Income Taxes.....	118,415	(45,977)
	-----	-----
Total Adjustments.....	472,150	113,943
Net Cash Provided by Operating Activities.....	1,288,310	358,042
Cash Flows from Investing Activities:		
Proceeds from Sales of Securities		
Available for Sale.....	378,326	1,417,000
Purchases of Securities Available for Sale.....	(464,862)	(1,462,917)
Additions to Property, Plant and Equipment.....	(121,076)	(184,487)
	-----	-----
Net Cash Used by Investing Activities.....	(207,612)	(230,404)
Cash Flows from Financing Activities:		
Principle Payments on Capital Leases.....	(29,275)	(56,205)
Proceeds from Common Shares Issued		
Under Employee Benefit Plans.....	6,875	5,467
Purchases of Treasury Stock.....	(313,835)	(39,961)
Dividends Paid.....	(147,829)	(191,720)
	-----	-----
Net Cash Used by Financing Activities	(484,064)	(282,419)
Net Increase (Decrease) in Cash and Cash Equivalents.....	596,634	(154,781)
Cash and Cash Equivalents, Beginning of Period.....	6,561,184	5,659,552
	-----	-----
Cash and Cash Equivalents, End of Period.....	\$7,157,818	\$5,504,771
	=====	=====
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest.....	\$ 7,099	\$ 8,956
Income Taxes.....	\$ 33,456	\$ 5,675

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

May 2, 1998

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, 1998.

(b) Earnings per common share have been computed and presented pursuant to the provisions of Statement of Financial Accounting Standards No. 128, Earnings Per Share, which was adopted in fiscal 1998. Net income per share is based on the weighted average number of shares outstanding during the period. Net income per share assuming dilution is based on the weighted average number of shares and common equivalent shares for stock options outstanding during the period.

	Three Months Ended	
	May 3, 1997	May 2, 1998
Weighted Average Common Shares		
Outstanding-basic.....	4,917,691	4,780,634
Diluted Effect of Options Outstanding.....	46,814	38,404
Weighted Average Common Shares		
Outstanding-diluted.....	4,964,505	4,819,038
	=====	=====

Note 2 - CHANGE IN ACCOUNTING PRINCIPLES

Effective February 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income". This statement requires presentation of the components of comprehensive income, including the changes in equity from non-owner sources such as unrealized gains (losses) on securities and foreign currency translation adjustments. The Company's total comprehensive income is as follows.

	Three Months Ended	
	May 3, 1997	May 2, 1998
Comprehensive Income:		
Net Income (Loss).....	\$578,372	\$(103,808)
Other Comprehensive Income (Loss):		
Foreign currency translation adjustments..	(55,098)	58,408
Unrealized gain(loss) on securities.....	(17,687)	(22,795)
Comprehensive Income (Loss).....	\$505,587	\$ (68,195)
	=====	=====

Note 3 - 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, 1998	May 2, 1998
Materials and Supplies..	\$ 5,620,041	\$ 5,856,244
Work-In-Process.....	993,149	1,007,122
Finished Goods.....	3,728,666	3,854,517
	-----	-----
	\$10,341,856	\$10,717,883
	=====	=====

ASTRO-MED, INC.

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

Results of Operations:

Net Sales were \$10,056,000 in the first quarter, down from sales of \$11,707,000 in the first quarter of the prior year. The Company continues to weather the negative effects of various market and financial adversities. These include consolidation in the aerospace and defense industries, dysfunction in the Asian markets, and a stronger dollar in the European markets. The effect of these conditions is especially conspicuous in the Test and Measurement (T&M) group where 1st quarter sales of \$4,392,000 were 29% below last year's 1st quarter. Our other two product groups, QuickLabel Systems (QLS) and Grass Instruments (Grass) continued their growth profile with 1st quarter sales of \$3,322,000 and \$2,342,000 respectively. These sales volumes represent increases over the prior year's 1st quarter of 1 % and 5%, respectively.

Gross Profit dollars were \$3,876,000 during the first quarter with a corresponding margin of 39%. Notwithstanding the change in product mix in this quarter's sales (i.e., higher percentage of QLS & Grass products) from last year's 1st quarter sales, this quarter's gross profit margin matched last year's result of 39%.

Operating expenses in the 1st quarter were \$4,266,000 reflecting an 11% increase over last year's 1st quarter. The increment was due to personnel additions in field selling, research & development, and information technology, as well as marketing expenses related to advertising and trade shows.

Other Income rose 49% to \$249,000 as an outgrowth of increases in interest and dividend income, and gains realized on foreign currency translations.

Net loss after taxes in the quarter was \$104,000. This reflects a loss of 2 cents per share on a fully diluted basis as compared to the prior year's 1st quarter net income of \$578,000 or 12 cents per share on a fully diluted basis.

Financial Condition:

Total assets at the end of the first quarter were \$42,697,000, nominally lower than the prior fiscal year end asset balance of \$42,814,000.

Cash and investments in marketable securities decreased 1% to \$13,023,000 at the end of the quarter from the previous year end balance of \$13,132,000. Working capital level at \$26,888,000 was 1% lower than the year end working capital balance of \$27,111,000. The Company's current ratio at quarter's end was 5.5 : 1 against a year end current ratio of 5.7 : 1. Capital expenditures during the quarter reached \$184,000 as the Company continues its investment in information technology as well as additional manufacturing test equipment.

In accordance with its Common Stock Repurchase Plan, the Company purchased 28,000 shares of its common stock during the quarter. Currently, the Company is authorized to acquire another 373,676 shares of its common stock. During the quarter, the Company paid cash dividends of 4 cents per common share to shareholders of record on March 27th. Shareholders' Equity declined 1% to \$35,465,000 at quarter's end.

Safe Harbor Statement

This document contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. The factors that could cause actual results to differ materially include the following: general economic conditions and growth rates in the data acquisition, digital color printing, and neurophysiology markets, including but not limited to the electronic, printing, and medical markets; competitive factors and pricing pressures; changes in product mix; changes in the seasonality of demand patterns; the timely development and acceptance of new products; inventory risks due to shifts in market demand; component constraints and shortages; risk of non-payment of accounts receivable; ramp up and expansion of manufacturing capacity; and the risks described from time to time in Astro-Med's reports filed with the Securities and Exchange Commission.

PART II. OTHER INFORMATION

Item 4. Results of Votes of Security Holders

An Annual Meeting of Shareholders of the registrant was held May 19, 1998. A proposed 1998 Non-qualified Stock Option Plan and a proposed increase in the maximum shares under the 1997 Incentive Stock Option Plan were 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 1998 Non-Qualified Stock Option Plan was approved by the following vote: For--2,763,945; Against--735,471; Abstain--18,565.

The Company's proposed increase in the maximum shares under the 1997 Incentive Stock Option Plan was approved by the following vote: For--2,741,201; Against--558,202; Abstain--14,425

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	4,357,492	22,832
Everett V. Pizzuti	4,357,492	22,832
Jacques V. Hopkins	4,359,022	21,302
Hermann Viets	4,359,022	21,302
Neil K. Robertson	4,353,935	26,389

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: June 9, 1998

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

Date: June 9, 1998

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

ARTICLE 5

PERIOD TYPE	3 MOS
FISCAL YEAR END	JAN 31 1999
PERIOD START	FEB 01 1998
PERIOD END	MAY 02 1998
CASH	5,504,771
SECURITIES	7,518,610
RECEIVABLES	7,397,735
ALLOWANCES	0
INVENTORY	10,717,883
CURRENT ASSETS	32,929,035
PP&E	18,241,180
DEPRECIATION	10,513,570
TOTAL ASSETS	42,697,044
CURRENT LIABILITIES	6,041,002
BONDS	171,793
PREFERRED MANDATORY	0
PREFERRED	0
COMMON	257,062
OTHER SE	35,207,528
TOTAL LIABILITY AND EQUITY	42,697,044
SALES	10,056,440
TOTAL REVENUES	10,056,440
CGS	6,180,833
TOTAL COSTS	6,180,833
OTHER EXPENSES	4,265,600
LOSS PROVISION	0
INTEREST EXPENSE	6,143
INCOME PRETAX	(140,808)
INCOME TAX	(37,000)
INCOME CONTINUING	(103,808)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(103,808)
EPS PRIMARY	(.02)
EPS DILUTED	(.02)

End of Filing

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