

ASTRO MED INC /NEW/

FORM 10-Q (Quarterly Report)

Filed 12/12/1995 For Period Ending 10/28/1995

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 October 28, 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 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 - 5,031,242 shares (excluding treasury shares) as of December 1, 1995

ASTRO-MED, INC.

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Part I. FINANCIAL INFORMATION

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

ASSETS	January 31, 1995 ----	October 28, 1995 ---- (Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents.....	\$ 1,107,191	\$ 1,508,725
Securities Available for Sale.....	6,897,781	6,526,695
Accounts Receivable, Net.....	7,828,393	7,743,493
Inventories.....	12,893,544	13,998,068
Prepaid Expenses and Other Current Assets..	2,196,317	1,598,501
	-----	-----
Total Current Assets.....	30,923,226	31,375,482
PROPERTY, PLANT AND EQUIPMENT		
	15,888,684	16,717,876
Less Accumulated Depreciation.....	7,254,555	8,072,368
	-----	-----
	8,634,129	8,645,508
OTHER ASSETS		
Excess of Cost Over Net Assets Acquired....	1,047,613	1,021,772
Other.....	1,572,326	1,614,099
	-----	-----
	2,619,939	2,635,871
	-----	-----
	\$42,177,294	\$42,656,861
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable.....	\$ 2,850,382	\$ 2,638,478
Note Payable to Bank.....		200,000
Accrued Compensation.....	1,015,956	879,033
Accrued Expenses.....	802,321	591,581
Income Taxes.....	715,633	624,300
Current Maturities of Long-Term Debt.....	51,703	51,703
	-----	-----
Total Current Liabilities.....	5,435,995	4,985,095
LONG-TERM DEBT, Less Current Maturities....	244,072	194,072
EXCESS OF NET ASSETS ACQUIRED OVER COST....	491,115	608,684
DEFERRED INCOME TAXES.....	726,178	835,143
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 5,120,810 Shares, Respectively.....	255,913	256,041
Additional Paid-In Capital.....	5,515,632	5,538,693
Retained Earnings.....	30,355,938	31,051,253
Treasury Stock, at Cost (77,566 Shares and 90,566 Shares, Respectively).....	(672,755)	(788,096)
Cumulative Translation Adjustment.....	(80,722)	(28,090)
Net Unrealized Gain (Loss) on Securities Available for Sale.....	(94,072)	4,066
	-----	-----
	35,279,934	36,033,867
	-----	-----
	\$42,177,294	\$42,656,861
	=====	=====

ASTRO-MED, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	October 29, 1994	October 28, 1995
Net Sales.....	\$11,220,838	\$10,823,820
Cost of Sales.....	6,253,668	6,587,639
Gross Profit.....	4,967,170	4,236,181
Costs and Expenses:		
Selling, General and Administrative.....	3,089,716	3,246,100
Research and Development.....	688,613	591,821
	3,778,329	3,837,921
Operating Income.....	1,188,841	398,260
Other Income (Expense):		
Interest and Dividend Income.....	101,340	84,287
Interest Expense.....	(77,280)	(429)
Other, Net.....	157,348	(2,747)
	181,408	81,111
Income before Income Taxes.....	1,370,249	479,371
Provision for Income Taxes.....	478,000	199,000
Net Income.....	\$ 892,249	\$ 280,371
Earnings Per Common Share.....	\$.18	\$.06
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,099,503	5,097,232
Dividends Declared Per Common Share.....	\$.03	\$.03

ASTRO-MED, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Nine Months Ended	
	October 29, 1994	October 28, 1995
	-----	-----
Net Sales.....	\$26,865,409	\$32,566,709
Cost of Sales.....	14,810,334	19,473,919
	-----	-----
Gross Profit.....	12,055,075	13,092,790
Costs and Expenses:		
Selling, General and Administrative.....	8,187,415	10,126,673
Research and Development.....	1,914,626	1,811,923
	-----	-----
	10,102,041	11,938,596
	-----	-----
Operating Income.....	1,953,034	1,154,194
Other Income (Expense):		
Interest and Dividend Income.....	422,958	259,455
Interest Expense.....	(96,566)	(17,705)
Other, Net.....	253,586	234,363
	-----	-----
	579,978	476,113
	-----	-----
Income before Income Taxes.....	2,533,012	1,630,307
Provision for Income Taxes.....	789,000	482,000
	-----	-----
Net Income	\$ 1,744,012	\$ 1,148,307
	=====	=====
Earnings Per Common Share.....	\$.34	\$.23
	=====	=====
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,096,495	5,099,676
	=====	=====
Dividends Declared Per Common Share.....	\$.09	\$.09
	=====	=====

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

	Nine Months Ended	
	October 29, 1994	October 28, 1995
	----	----
Cash Flows from Operating Activities:		
Net Income.....	\$ 1,744,012	\$ 1,148,307
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	826,676	961,223
Deferred Income Taxes.....	19,310	108,965
Other.....	45,132	(41,773)
Changes in Assets and Liabilities:		
Accounts Receivable.....	(1,040,456)	84,900
Inventories.....	(2,557,647)	(1,104,524)
Other.....	155,458	613,345
Accounts Payable and Accrued Expenses....	742,968	(559,567)
Income Taxes.....	(206,557)	(91,333)
	-----	-----
Total Adjustments.....	(2,015,116)	(28,764)
	-----	-----
Net Cash Provided (Used) by Operating Activities.....	(271,104)	1,119,543
Cash Flows from Investing Activities:		
Proceeds from Sales of Securities		
Available for Sale.....	12,475,607	2,696,728
Purchases of Securities Available for Sale.....	(9,078,877)	(2,190,401)
Purchases of Investments.....	(500,000)	
Additions to Property, Plant and Equipment....	(786,452)	(829,192)
Acquisition of New Business, Net of Cash Acquired.....	4,296,545	
	-----	-----
Net Cash Provided (Used) by Investing Activities.....	(2,186,267)	(322,865)
Cash Flows from Financing Activities:		
Payments of Debt.....	(276,703)	(350,000)
Short-Term Borrowing from Bank.....	3,400,000	500,000
Proceeds from Common Shares Issued		
Under Employee Benefit Plans.....	31,477	84,102
Purchases of Treasury Stock.....		(176,254)
Dividends Paid.....	(453,104)	(452,992)
	-----	-----
Net Cash Provided (Used) by Financing Activities.....	2,701,670	(395,144)
	-----	-----
Net Increase in Cash and Cash Equivalents.....	244,299	401,534
Cash and Cash Equivalents, Beginning of Period.	1,300,132	1,107,191
	-----	-----
Cash and Cash Equivalents, End of Period.....	\$ 1,544,431	\$ 1,508,725
	=====	=====
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest.....	\$ 79,251	\$ 21,942
Income Taxes.....	\$ 914,608	\$ 260,869

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

October 28, 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	October 28, 1995
	----	----
Materials and Supplies..	\$ 7,508,626	\$ 7,827,192
Work-In-Process.....	2,475,326	2,663,992
Finished Goods.....	2,909,592	3,506,884
	-----	-----
	\$12,893,544	\$13,998,068
	=====	=====

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 \$31,699,192 for the nine months ended October 29, 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 decreased 4% compared to the prior year quarter. Sales of Grass Instrument Co., a business acquired at the beginning of the prior year quarter (see Note 3 of Notes to Consolidated Financial Statements), accounted for the decrease. In the prior year quarter, sales of this business were higher than typical for a third quarter.

Net sales in the current nine months increased 21% compared to sales in the prior year nine months. Excluding sales of the new business for the first six months of the current year, sales on a comparable basis increased 4% in the current nine months.

In all periods, changes in sales have been spread between all products in all geographic market sectors. Export sales have shown the most growth in the current year. The Company anticipates an overall sales increase in the last quarter of the current year.

Consolidated gross profit as a percentage of sales was 39% for the third quarter of the current year and 44% for the same quarter of the prior year. The decline is attributable mainly to less than expected sales, with and without the new business. Such lower volume resulted in an unfavorable rate of overhead absorption.

The consolidated gross profit percentage was 40% for the nine months of the current year and 45% for the same period of the prior year. In addition to the identified impact on the current quarter, the decline reflects inclusion of the new business for the first six months of the current year but not of the prior year. This business historically has experienced substantially lower margins. In keeping with the anticipated sales increase, the Company anticipates an increase in gross profit in the fourth quarter of the current year.

As compared to prior year totals, selling, general and administrative expenses rose by 5% in the current quarter and, excluding the new business acquired, by 9% in the current nine months. There have been 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.

There were no individual research and development costs in either the current quarter or nine months which varied 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, particularly for the current nine months, decreased noticeably compared to such income in the prior year because of a reduction in invested funds following the acquisition for cash of a new business as mentioned 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: December 12, 1995

By /s/ A. W. Ondis

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

Date: December 12, 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	9 MOS
FISCAL YEAR END	JAN 31 1995
PERIOD START	FEB 01 1995
PERIOD END	OCT 28 1995
CASH	1,508,725
SECURITIES	6,526,695
RECEIVABLES	7,743,493
ALLOWANCES	0
INVENTORY	13,998,068
CURRENT ASSETS	31,375,482
PP&E	16,717,876
DEPRECIATION	8,072,368
TOTAL ASSETS	42,656,861
CURRENT LIABILITIES	4,985,095
BONDS	194,072
COMMON	256,041
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	35,777,826
TOTAL LIABILITY AND EQUITY	42,656,861
SALES	32,566,709
TOTAL REVENUES	32,566,709
CGS	19,473,919
TOTAL COSTS	31,412,515
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	17,705
INCOME PRETAX	1,630,307
INCOME TAX	482,000
INCOME CONTINUING	1,148,307
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	1,148,307
EPS PRIMARY	.23
EPS DILUTED	.23

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