

ASTRO MED INC /NEW/

FORM 10-Q (Quarterly Report)

Filed 6/9/1995 For Period Ending 4/29/1995

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)

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

-- EXCHANGE ACT OF 1934 For the quarterly period ended April 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 - 5,028,949 shares (excluding treasury shares) as of June 9, 1995

ASTRO-MED, INC.

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Part I. FINANCIAL INFORMATION

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

ASSETS	January 31, 1995 ----	April 29, 1995 ---- (Unaudited)
CURRENT ASSETS		
Cash and Cash Equivalents.....	\$ 1,107,191	\$ 1,168,474
Securities Available for Sale.....	6,897,781	6,389,403
Accounts Receivable, Net.....	7,828,393	7,184,767
Inventories.....	12,893,544	14,085,182
Prepaid Expenses and Other Current Assets..	2,196,317	1,886,682
	-----	-----
Total Current Assets.....	30,923,226	30,714,508
PROPERTY, PLANT AND EQUIPMENT		
Less Accumulated Depreciation.....	15,888,684	16,346,150
	7,254,555	7,549,586
	-----	-----
	8,634,129	8,796,564
OTHER ASSETS		
Excess of Cost Over Net Assets Acquired....	1,047,613	1,038,534
Other.....	1,572,326	1,571,270
	-----	-----
	2,619,939	2,609,804
	-----	-----
	\$42,177,294	\$42,120,876
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts Payable.....	\$ 2,850,382	\$ 3,212,982
Accrued Compensation.....	1,015,956	941,497
Accrued Expenses.....	802,321	312,438
Income Taxes.....	715,633	724,357
Current Maturities of Long-Term Debt.....	51,703	51,703
	-----	-----
Total Current Liabilities.....	5,435,995	5,242,977
LONG-TERM DEBT, Less Current Maturities.....	244,072	219,072
EXCESS OF NET ASSETS ACQUIRED OVER COST.....	491,115	463,839
DEFERRED INCOME TAXES.....	726,178	726,178
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 5,119,242 Shares, Respectively.....	255,913	255,962
Additional Paid-In Capital.....	5,515,632	5,523,566
Retained Earnings.....	30,355,938	30,546,768
Treasury Stock, at Cost (77,566 Shares and 90,566 Shares, Respectively).....	(672,755)	(788,096)
Cumulative Translation Adjustment.....	(80,722)	(58,452)
Net Unrealized Gain (Loss) on Securities Available for Sale.....	(94,072)	(10,938)
	-----	-----
	35,279,934	35,468,810
	-----	-----
	\$42,177,294	\$42,120,876
	=====	=====

ASTRO-MED, INC.
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended	
	April 30, 1994	April 29, 1995
	-----	-----
Net Sales.....	\$6,550,955	\$10,955,296
Cost of Sales.....	3,656,837	6,712,270
	-----	-----
Gross Profit.....	2,894,118	4,243,026
Costs and Expenses:		
Selling, General and Administrative.....	2,584,668	3,436,357
Research and Development.....	627,329	617,340
	-----	-----
	3,211,997	4,053,697
	-----	-----
Operating Income (Loss).....	(317,879)	189,329
Other Income (Expense):		
Interest and Dividend Income.....	156,227	99,224
Interest Expense.....	(11,227)	(6,088)
Other Income (Expense), Net.....	67,423	181,588
	-----	-----
	212,423	274,724
	-----	-----
Income (Loss) before Income Taxes.....	(105,456)	464,053
Provision for Income Taxes.....	(52,000)	122,000
	-----	-----
Net Income (Loss).....	\$ (53,456)	\$ 342,053
	=====	=====
Earnings (Loss) Per Common Share.....	\$ (.01)	\$.07
	=====	=====
Weighted Average Number of Common and Common Equivalent Shares Outstanding.....	5,028,650	5,103,716
	=====	=====
Dividends Declared Per Common Share.....	\$.03	\$.03
	=====	=====

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

	Three Months Ended	
	April 30, 1994	April 29, 1995
	----	----
Cash Flows from Operating Activities:		
Net Income (Loss).....	\$ (53,456)	\$ 342,053
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization.....	284,057	276,834
Deferred Income Taxes.....	8,690	
Other.....	(14,423)	1,062
Changes in Assets and Liabilities:		
Accounts Receivable.....	370,073	643,626
Inventories.....	(1,801,433)	(1,191,638)
Other.....	132,213	307,694
Accounts Payable and Accrued Expenses.....	1,027,352	(201,742)
Income Taxes.....	(217,255)	8,724
	-----	-----
Total Adjustments.....	(210,726)	(155,440)
	-----	-----
Net Cash Provided (Used) by Operating Activities.....	(264,182)	186,613
Cash Flows from Investing Activities:		
Proceeds from Sales of Securities		
Available for Sale.....	3,532,582	2,508,665
Purchases of Securities Available for Sale.....	(2,919,847)	(1,892,942)
Purchases of Investments.....		(500,000)
Additions to Property, Plant and Equipment.....	(249,996)	(457,466)
	-----	-----
Net Cash Provided (Used) by Investing Activities.....	(137,261)	158,257
Cash Flows from Financing Activities:		
Payments of Long-Term Debt.....	(100,000)	(25,000)
Proceeds from Common Shares Issued		
Under Employee Benefit Plans.....	11,061	68,896
Purchases of Treasury Stock.....		(176,254)
Dividends Paid.....	(150,859)	(151,229)
	-----	-----
Net Cash Used by Financing Activities.....	(239,798)	(283,587)
	-----	-----
Net Increase (Decrease) in Cash and Cash Equivalents.....	(641,241)	61,283
Cash and Cash Equivalents, Beginning of Period.	1,300,132	1,107,191
	-----	-----
Cash and Cash Equivalents, End of Period.....	\$ 658,891	\$ 1,168,474
	=====	=====
Supplemental Disclosures of Cash Flow Information:		
Cash Paid During the Period for:		
Interest.....	\$ 18,473	\$ 27,868
Income Taxes.....	\$ 225,000	\$ 100,456

ASTRO-MED, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 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 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, 1995	April 29, 1995
	----	----
Materials and Supplies..	\$ 7,508,626	\$ 8,492,431
Work-In-Process.....	2,475,326	1,693,493
Finished Goods.....	2,909,592	3,899,258
	-----	-----
	\$12,893,544	\$14,085,182
	=====	=====

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, 1993, the Company's consolidated net sales would have been \$8,967,846 for the three months ended April 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:

Excluding sales of the new business acquired (see Note 3 of Notes to Consolidated Financial Statements), net sales for the first quarter of the current fiscal year increased approximately 30% as compared to a relatively weak first quarter a year ago. The increase was spread between recorders/printers and bar code printer products in all geographic market sectors. Including sales of the new business, net sales were 67% higher than the prior quarter's total. Sales of the Company's newest products, including the four-color label printer SUNDANCE, are expected to favorably impact sales later in the year.

Gross profit as a percentage of sales was 39% in the current quarter as compared to 44% in the first quarter of the prior year. The decline is due in large part to the inclusion of sales of the new business which has customarily experienced gross profit margins of approximately 30%. Excluding sales of the new business, gross profit declined from 44% to 41% as a result of product sales mix and sales of certain products to dealers and independent sales representatives who receive a resale discount.

Selling, general and administrative expenses in the current year quarter without the new business acquired rose by approximately 10% from the prior year first quarter. While certain expenses increased or decreased, there were no individually significant expenses affecting the totals. The most substantial comparative change resulted from additional sales personnel and their related expenses in the current period.

Research and development costs in the current quarter did not vary significantly from the previous first quarter. 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 first quarter compared to the prior period total 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 additional 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 2, 1995. 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.

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	3,539,064	3,825
Everett V. Pizzuti	3,539,064	3,825
Jacques V. Hopkins	3,539,064	3,825
Hermann Viets	3,538,389	4,500
Neil K. Robertson	3,538,389	4,500

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, 1995

By /s/A.W. Ondis

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

Date: June 9, 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	3 MOS
FISCAL YEAR END	JAN 31 1995
PERIOD START	FEB 01 1995
PERIOD END	APR 29 1995
CASH	1,168,474
SECURITIES	6,389,403
RECEIVABLES	7,184,767
ALLOWANCES	0
INVENTORY	14,085,182
CURRENT ASSETS	30,714,508
PP&E	16,346,150
DEPRECIATION	7,549,586
TOTAL ASSETS	42,120,876
CURRENT LIABILITIES	5,242,977
BONDS	219,072
COMMON	255,962
PREFERRED MANDATORY	0
PREFERRED	0
OTHER SE	35,212,848
TOTAL LIABILITY AND EQUITY	42,120,876
SALES	10,955,296
TOTAL REVENUES	10,955,296
CGS	6,712,270
TOTAL COSTS	10,765,967
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	6,088
INCOME PRETAX	464,053
INCOME TAX	122,000
INCOME CONTINUING	342,053
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	342,053
EPS PRIMARY	.07
EPS DILUTED	.07

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