

RICHARDSON ELECTRONICS LTD/DE
Form 10-Q
April 12, 2012
Table of Contents

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 March 3, 2012

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: 0-12906

RICHARDSON ELECTRONICS, LTD.

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 10-Q

(Exact name of registrant as specified in its charter)

Delaware **36-2096643**
(State or other jurisdiction of **(I.R.S. Employer**
incorporation or organization) **Identification No.)**
40W267 Keslinger Road, P.O. Box 393 LaFox, Illinois 60147-0393

(Address of principal executive offices)

Registrant's telephone number, including area code: (630) 208-2200

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 by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer Accelerated Filer
Non-Accelerated Filer (Do not check if a smaller reporting company) Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of April 9, 2012, there were outstanding 13,802,486 shares of Common Stock, \$0.05 par value and 2,939,961 shares of Class B Common Stock, \$0.05 par value, which are convertible into Common Stock of the registrant on a share for share basis.

Table of Contents

TABLE OF CONTENTS

	Page
Part I. <u>Financial Information</u>	
Item 1. <u>Financial Statements</u>	2
<u>Unaudited Consolidated Balance Sheets</u>	2
<u>Unaudited Consolidated Statements of Income and Comprehensive Income</u>	3
<u>Unaudited Consolidated Statements of Cash Flows</u>	4
<u>Unaudited Consolidated Statement of Stockholders' Equity</u>	5
<u>Notes to Unaudited Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	29
Item 4. <u>Controls and Procedures</u>	29
Part II. <u>Other Information</u>	
Item 1. <u>Legal Proceedings</u>	30
Item 1A. <u>Risk Factors</u>	30
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	30
Item 5. <u>Other Information</u>	30
Item 6. <u>Exhibits</u>	30
<u>Signatures</u>	31
<u>Exhibit Index</u>	32

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Richardson Electronics, Ltd.****Unaudited Consolidated Balance Sheets***(in thousands, except per share amounts)*

	March 3, 2012	May 28, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,430	\$ 170,975
Accounts receivable, less allowance of \$584 and \$438	22,937	22,374
Inventories	38,339	30,853
Prepaid expenses and other assets	1,229	5,768
Deferred income taxes	1,940	2,084
Income tax receivable	4,810	
Investments current	130,030	52,116
Discontinued operations assets	626	4,018
Total current assets	224,341	288,188
Non-current assets:		
Property, plant and equipment, net	4,491	5,216
Goodwill	1,761	
Non-current deferred income taxes	1,829	3,994
Investments non-current	14,765	16,656
Total non-current assets	22,846	25,866
Total assets	\$ 247,187	\$ 314,054
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 14,385	\$ 17,814
Accrued liabilities	9,573	43,719
Discontinued operations liabilities	113	15,897
Total current liabilities	24,071	77,430
Non-current liabilities:		
Long-term income tax liabilities	8,618	12,568
Other non-current liabilities	1,200	387
Discontinued operations non-current liabilities	1,233	1,622
Total non-current liabilities	11,051	14,577
Total liabilities	35,122	92,007
Commitments and contingencies		

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 10-Q

Stockholders equity		
Common stock, \$0.05 par value; issued 13,953 shares at March 3, 2012, and 14,921 shares at May 28, 2011	698	746
Class B common stock, convertible, \$0.05 par value; issued 2,940 shares at March 3, 2012, and 2,952 shares at May 28, 2011	147	147
Preferred stock, \$1.00 par value, no shares issued		
Additional paid-in-capital	98,849	112,179
Common stock in treasury, at cost, 11 shares at March 3, 2012, and 112 shares at May 28, 2011	(140)	(1,493)
Retained earnings	102,217	98,927
Accumulated other comprehensive income	10,294	11,541
Total stockholders equity	212,065	222,047
Total liabilities and stockholders equity	\$ 247,187	\$ 314,054

Table of Contents**Richardson Electronics, Ltd.****Unaudited Consolidated Statements of Income****and Comprehensive Income***(in thousands, except per share amounts)*

	Three Months Ended		Nine Months Ended	
	March 3, 2012	February 26, 2011	March 3, 2012	February 26, 2011
Statements of Income				
Net sales	\$ 38,330	\$ 39,653	\$ 118,979	\$ 118,143
Cost of sales	27,033	28,096	83,290	83,400
Gross profit	11,297	11,557	35,689	34,743
Selling, general, and administrative expenses	9,457	10,733	30,202	32,476
Loss (gain) on disposal of assets	(3)	1	(73)	3
Operating income	1,843	823	5,560	2,264
Other (income) expense:				
Interest expense		39		145
Investment/interest income	(357)		(1,003)	
Foreign exchange (gain) loss	(19)	27	276	343
Loss on retirement of short-term debt				60
Other, net	(8)	4	(9)	(67)
Total other (income) expense	(384)	70	(736)	481
Income from continuing operations before income taxes	2,227	753	6,296	1,783
Income tax provision	636	523	2,047	933
Income from continuing operations	1,591	230	4,249	850
Income (loss) from discontinued operations, net of tax	(252)	7,987	1,551	23,202
Net income	\$ 1,339	\$ 8,217	\$ 5,800	\$ 24,052
Net income per Common share Basic:				
Income from continuing operations	\$ 0.10	\$ 0.01	\$ 0.25	\$ 0.05
Income (loss) from discontinued operations	(0.02)	0.45	0.09	1.32
Total net income per Common share Basic:	\$ 0.08	\$ 0.46	\$ 0.34	\$ 1.37
Net income per Class B common share Basic:				
Income from continuing operations	\$ 0.09	\$ 0.01	\$ 0.23	\$ 0.04
Income (loss) from discontinued operations	(0.01)	0.40	0.08	1.19
Total net income per Class B common share Basic:	\$ 0.08	\$ 0.41	\$ 0.31	\$ 1.23
Net income per Common share Diluted:				
Income from continuing operations	\$ 0.09	\$ 0.01	\$ 0.25	\$ 0.05
Income (loss) from discontinued operations	(0.01)	0.43	0.09	1.28

Total net income per Common share Diluted:	\$ 0.08	\$ 0.44	\$ 0.34	\$ 1.33
---	----------------	----------------	----------------	----------------

Net income per Class B common share Diluted: &nb