

NAPCO SECURITY TECHNOLOGIES, INC

Form 10-Q

November 12, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 2013

OR

__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____.

Commission File number: 0-10004

NAPCO SECURITY TECHNOLOGIES, INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation of organization)

11-2277818
(IRS Employer Identification
Number)

333 Bayview Avenue
Amityville, New York
(Address of principal executive offices)

11701
(Zip Code)

(631) 842-9400
(Registrant's telephone number including area code)

(Former name, former address and former fiscal year if
changed from last report)

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 and Exchange Act of 1934 during the preceding 12 months (or 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 during the preceding 12 months (or such shorter period that the registrant was required to submit and post such files). Yes No

Edgar Filing: NAPCO SECURITY TECHNOLOGIES, INC - Form 10-Q

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 definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer ___ Accelerated Filer ___ Non-Accelerated
Filer ___ Smaller reporting company X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

Yes ___ No X

Number of shares outstanding of each of the issuer’s classes of common stock, as of: November 11, 2013

COMMON STOCK, \$.01 PAR VALUE PER SHARE 19,408,276

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES

	Page	
<u>PART I: FINANCIAL INFORMATION</u>		
<u>ITEM 1.</u>	<u>Financial Statements</u>	
	<u>NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES</u> <u>INDEX – SEPTEMBER 30, 2013</u>	
	<u>Condensed Consolidated Balance Sheets September 30, 2013 and</u> <u>June 30, 2013</u>	3
	<u>Condensed Consolidated Statements of Operations for the Three</u> <u>Months ended September 30, 2013 and 2012</u>	4
	<u>Condensed Consolidated Statements of Cash Flows for the Three</u> <u>Months ended September 30, 2013 and 2012</u>	5
	<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>ITEM 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and</u> <u>Results of Operations</u>	17
<u>ITEM 3.</u>	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	21
<u>ITEM 4.</u>	<u>Controls and Procedures</u>	21
<u>PART II: OTHER INFORMATION</u>		
<u>ITEM 1A.</u>	<u>Risk Factors</u>	22
<u>ITEM 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	22
<u>ITEM 6.</u>	<u>Exhibits</u>	22
<u>SIGNATURE PAGE</u>		23

PART I: FINANCIAL INFORMATION
Item 1. Financial Statements

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2013 (unaudited)	June 30, 2013
	(in thousands, except for share data)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,706	\$ 3,229
Accounts receivable, net of reserves and allowances	14,288	18,211
Inventories	20,041	18,471
Prepaid expenses and other current assets	1,242	1,219
Income tax receivable	23	64
Deferred income taxes	671	642
Total Current Assets	39,971	41,836
Inventories - non-current	3,386	3,436
Deferred income taxes	1,551	1,526
Property, plant and equipment, net	6,495	6,586
Intangible assets, net	10,138	10,334
Other assets	189	185
TOTAL ASSETS	\$ 61,730	\$ 63,903
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long term debt	\$ 1,600	\$ 1,600
Accounts payable	4,162	3,318
Accrued expenses	1,780	2,093
Accrued salaries and wages	1,952	1,604
Total Current Liabilities	9,494	8,615
Long-term debt, net of current maturities	11,900	14,800
Accrued income taxes	157	153
Total Liabilities	21,551	23,568
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common Stock, par value \$0.01 per share; 40,000,000 shares authorized; 21,038,443 and 20,796,813 shares issued; and 19,408,276 and 19,296,335 shares outstanding, respectively	210	208
Additional paid-in capital	15,812	15,356
Retained earnings	32,201	32,078
	48,223	47,642
Less: Treasury Stock, at cost (1,630,167 and 1,500,478 shares, respectively)	(8,044)	(7,307)
TOTAL STOCKHOLDERS' EQUITY	40,179	40,335
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 61,730	\$ 63,903

See accompanying notes to condensed consolidated financial statements.

NAPCO SECURITY TECHNOLOGIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

Three months ended September 30,
 2013 2012
 (In thousands, except share and per share data)

Net sales	\$	17,239	\$	15,216
Cost of sales		12,200		11,080
Gross Profit		5,039		4,136
Selling, general, and administrative expenses		4,777		4,535
Operating Income (Loss)		262		(399)
Other expense:				
Interest expense, net		121		177
Other, net		3		3
Income (loss) before Income Taxes		138		(579)
Income tax expense (benefit)		15		(145)
Net Income (Loss)	\$	123	\$	(434)
Net Income (Loss) per share:				
Basic	\$	0.01	\$	(0.02)
Diluted	\$	0.01	\$	(0.02)
Weighted average number of shares outstanding:				