

TRANSCAT INC  
Form 10-Q  
November 04, 2011

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the quarterly period ended: September 24, 2011

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: 000-03905

**TRANSCAT, INC.**

(Exact name of registrant as specified in its charter)

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**Ohio**  
(State or other jurisdiction of

**16-0874418**  
(I.R.S. Employer

incorporation or organization)

Identification No.)

**35 Vantage Point Drive, Rochester, New York 14624**

(Address of principal executive offices) (Zip Code)

**(585) 352-7777**

(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 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 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.

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

The number of shares of common stock, par value \$0.50 per share, of the registrant outstanding as of November 2, 2011 was 7,325,053.

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**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****TRANSCAT, INC.****CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

(In Thousands, Except Per Share Amounts)

	(Unaudited) Second Quarter Ended		(Unaudited) Six Months Ended	
	September 24, 2011	September 25, 2010	September 24, 2011	September 25, 2010
Product Sales	\$ 16,969	\$ 13,472	\$ 34,151	\$ 26,447
Service Revenue	8,214	7,448	16,637	15,101
<b>Net Revenue</b>	<b>25,183</b>	<b>20,920</b>	<b>50,788</b>	<b>41,548</b>
Cost of Products Sold	12,658	10,270	25,572	19,744
Cost of Services Sold	6,372	5,692	12,765	11,488
<b>Total Cost of Products and Services Sold</b>	<b>19,030</b>	<b>15,962</b>	<b>38,337</b>	<b>31,232</b>
<b>Gross Profit</b>	<b>6,153</b>	<b>4,958</b>	<b>12,451</b>	<b>10,316</b>
Selling, Marketing and Warehouse Expenses	3,042	2,529	6,668	5,578
Administrative Expenses	1,870	1,522	3,972	3,380
<b>Total Operating Expenses</b>	<b>4,912</b>	<b>4,051</b>	<b>10,640</b>	<b>8,958</b>
<b>Operating Income</b>	<b>1,241</b>	<b>907</b>	<b>1,811</b>	<b>1,358</b>
Interest Expense	28	16	56	28
Other Expense, net	10	17	27	12
<b>Total Other Expense</b>	<b>38</b>	<b>33</b>	<b>83</b>	<b>40</b>
<b>Income Before Income Taxes</b>	<b>1,203</b>	<b>874</b>	<b>1,728</b>	<b>1,318</b>
Provision for Income Taxes	457	347	657	513
<b>Net Income</b>	<b>746</b>	<b>527</b>	<b>1,071</b>	<b>805</b>
Other Comprehensive (Loss) Income	(15)	11	(14)	10
<b>Comprehensive Income</b>	<b>\$ 731</b>	<b>\$ 538</b>	<b>\$ 1,057</b>	<b>\$ 815</b>
Basic Earnings Per Share	\$ 0.10	\$ 0.07	\$ 0.15	\$ 0.11
Average Shares Outstanding	7,302	7,308	7,290	7,298
Diluted Earnings Per Share	\$ 0.10	\$ 0.07	\$ 0.14	\$ 0.11
Average Shares Outstanding	7,640	7,541	7,624	7,537

See accompanying notes to consolidated financial statements.



## TRANSCAT, INC.

## CONSOLIDATED BALANCE SHEETS

(In Thousands, Except Share and Per Share Amounts)

	(Unaudited) September 24, 2011	March 26, 2011
<b>ASSETS</b>		
Current Assets:		
Cash	\$ 67	\$ 32
Accounts Receivable, less allowance for doubtful accounts of \$111 and \$73 as of September 24, 2011 and March 26, 2011, respectively	11,988	12,064
Other Receivables	1,771	617
Inventory, net	6,647	7,571
Prepaid Expenses and Other Current Assets	1,235	840
Deferred Tax Asset	829	631
<b>Total Current Assets</b>	<b>22,537</b>	<b>21,755</b>
Property and Equipment, net	5,580	5,253
Goodwill	13,381	11,666
Intangible Assets, net	2,845	1,982
Deferred Tax Asset	198	296
Other Assets	420	408
<b>Total Assets</b>	<b>\$ 44,961</b>	<b>\$ 41,360</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current Liabilities:		
Accounts Payable	\$ 7,136	\$ 8,241
Accrued Compensation and Other Liabilities	3,791	3,579
Income Taxes Payable	9	208
<b>Total Current Liabilities</b>	<b>10,936</b>	<b>12,028</b>
Long-Term Debt	8,163	5,253
Other Liabilities	830	750
<b>Total Liabilities</b>	<b>19,929</b>	<b>18,031</b>
Shareholders Equity:		
Common Stock, par value \$0.50 per share, 30,000,000 shares authorized; 7,821,509 and 7,759,580 shares issued as of September 24, 2011 and March 26, 2011, respectively; 7,322,727 and 7,260,798 shares outstanding as of September 24, 2011 and March 26, 2011, respectively	3,911	3,880
Capital in Excess of Par Value	10,681	10,066
Accumulated Other Comprehensive Income	471	485
Retained Earnings	12,163	11,092
Less: Treasury Stock, at cost, 498,782 shares as of September 24, 2011 and March 26, 2011	(2,194)	(2,194)
<b>Total Shareholders Equity</b>	<b>25,032</b>	<b>23,329</b>
<b>Total Liabilities and Shareholders Equity</b>	<b>\$ 44,961</b>	<b>\$ 41,360</b>

See accompanying notes to consolidated financial statements.



## TRANSCAT, INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)

	(Unaudited) Six Months Ended	
	September 24, 2011	September 25, 2010
<b>Cash Flows from Operating Activities:</b>		
Net Income	\$ 1,071	\$ 805
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Deferred Income Taxes	(59)	102
Depreciation and Amortization	1,408	1,025
Provision for Accounts Receivable and Inventory Reserves	91	27
Stock-Based Compensation Expense	340	286
Changes in Assets and Liabilities:		
Accounts Receivable and Other Receivables	(1,112)	1,536
Inventory	859	(1,412)
Prepaid Expenses and Other Assets	(603)	(194)
Accounts Payable	(1,205)	(721)
Accrued Compensation and Other Liabilities	338	(365)
Income Taxes Payable	(236)	(248)
 Net Cash Provided by Operating Activities	 892	 841
 <b>Cash Flows from Investing Activities:</b>		
Purchase of Property and Equipment	(900)	(665)
Business Acquisitions	(3,122)	
 Net Cash Used in Investing Activities	 (4,022)	 (665)
 <b>Cash Flows from Financing Activities:</b>		
Revolving Line of Credit, net	2,920	(369)
Payments on Other Debt Obligations	(10)	(12)
Payment of Contingent Consideration	(58)	(52)
Issuance of Common Stock	269	