

ALPHA PRO TECH LTD
Form 10-Q
May 07, 2014

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 March 31, 2014

Commission File No. 01-15725

Alpha Pro Tech, Ltd.

(exact name of registrant as specified in its charter)

Delaware, U.S.A. 63-1009183
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

Suite 112, 60 Centurian Drive
Markham, Ontario, Canada
(Address of principal executive offices)

L3R 9R2
(Zip Code)

Registrant's telephone number, including area code: (905) 479-0654

Edgar Filing: ALPHA PRO TECH LTD - Form 10-Q

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 (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding May 2, 2014
Common Stock, \$0.01 par value	18,638,907 shares

Alpha Pro Tech, Ltd.

Index

PART I. FINANCIAL INFORMATION	1
ITEM 1. Financial Statements	1
Condensed Consolidated Balance Sheets (Unaudited)	1
Condensed Consolidated Statements of Income (Unaudited)	2
Condensed Consolidated Statements of Comprehensive Income (Unaudited)	3
Condensed Consolidated Statement of Shareholders' Equity (Unaudited)	4
Condensed Consolidated Statements of Cash Flows (Unaudited)	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
ITEM 3. Quantitative and Qualitative Disclosures about Market Risk	17
ITEM 4. Controls and Procedures	17
PART II. OTHER INFORMATION	18
ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
ITEM 6. Exhibits	19
SIGNATURES	20
EXHIBITS	

Alpha Pro Tech, Ltd.**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Condensed Consolidated Balance Sheets (Unaudited)**

	March 31, 2014	December 31, 2013 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$4,864,000	\$8,215,000
Investments	2,231,000	1,606,000
Accounts receivable, net of allowance for doubtful accounts of \$99,000 and \$85,000 as of March 31, 2014 and December 31, 2013, respectively	7,135,000	5,071,000
Inventories	14,482,000	14,140,000
Prepaid expenses	3,259,000	2,968,000
Deferred income tax assets	640,000	640,000
Total current assets	32,611,000	32,640,000
Property and equipment, net	2,938,000	3,068,000
Goodwill	55,000	55,000
Definite-lived intangible assets, net	87,000	92,000
Equity investments in unconsolidated affiliate	2,818,000	2,708,000
Total assets	\$38,509,000	\$38,563,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$847,000	\$689,000
Accrued liabilities	583,000	1,036,000
Total current liabilities	1,430,000	1,725,000
Deferred income tax liabilities	1,412,000	1,257,000
Total liabilities	2,842,000	2,982,000
Shareholders' equity:		

Edgar Filing: ALPHA PRO TECH LTD - Form 10-Q

Common stock, \$.01 par value: 50,000,000 shares authorized; 18,638,909 and 18,878,109 shares outstanding as of March 31, 2014 and December 31, 2013, respectively	186,000	189,000
Additional paid-in capital	18,476,000	18,994,000
Accumulated other comprehensive income	963,000	625,000
Retained earnings	16,042,000	15,773,000
Total shareholders' equity	35,667,000	35,581,000
Total liabilities and shareholders' equity	\$38,509,000	\$38,563,000

- (1) The condensed consolidated balance sheet as of December 31, 2013 has been prepared using information from the audited consolidated balance sheet as of that date.

The accompanying notes are an integral part of these condensed consolidated financial statements.

Alpha Pro Tech, Ltd.**Condensed Consolidated Statements of Income (Unaudited)**

	For the Three Months Ended March 31,	
	2014	2013
Net sales	\$9,956,000	\$9,450,000
Cost of goods sold, excluding depreciation and amortization	6,346,000	5,787,000
Gross profit	3,610,000	3,663,000
Operating expenses:		
Selling, general and administrative	3,371,000	3,512,000
Depreciation and amortization	188,000	181,000
Total operating expenses	3,559,000	3,693,000
Income (loss) from operations	51,000	(30,000)
Other income :		
Equity in income of unconsolidated affiliate	110,000	33,000
Gain on investments in common stock and common stock warrants	191,000	-
Interest income	3,000	1,000
Total other income	304,000	34,000
Income before provision (benefit) for income taxes	355,000	4,000
Provision (benefit) for income taxes	86,000	(11,000)
Net income	\$269,000	\$15,000
Basic earnings per common share	\$0.01	\$0.00
Diluted earnings per common share	\$0.01	\$0.00
Basic weighted average common shares outstanding	18,859,834	