

ANGIODYNAMICS INC  
Form 10-Q  
October 08, 2010  
[Table of Contents](#)

**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 EXCHANGE ACT OF 1934**

For the quarterly period ended August 31, 2010

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 0-50761

**AngioDynamics, Inc.**

(Exact name of registrant as specified in its charter)

Edgar Filing: ANGIODYNAMICS INC - Form 10-Q

<b>Delaware</b> (State or other jurisdiction of incorporation or organization)	<b>11-3146460</b> (I.R.S. Employer Identification No.)
<b>14 Plaza Drive Latham, New York</b> (Address of principal executive offices)	<b>12110</b> (Zip Code)
<b>(518) 795-1400</b> 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. (Check one):

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.

<b>Class</b>	<b>Outstanding as of October 4, 2010</b>
<b>Common Stock, par value \$.01</b>	<b>24,912,611 shares</b>

**Table of Contents**

**AngioDynamics, Inc. and Subsidiaries**

**INDEX**

	<b>Page</b>
<b>Part I: Financial Information</b>	
<b>Item 1. Financial Statements</b>	
<u>Consolidated Statements of Income - three months ended August 31, 2010 and August 31, 2009 (unaudited)</u>	3
<u>Consolidated Balance Sheets - August 31, 2010 and May 31, 2010 (unaudited)</u>	4
<u>Consolidated Statements of Cash Flows - three months ended August 31, 2010 and August 31, 2009 (unaudited)</u>	5
<u>Consolidated Statement of Stockholders' Equity and Comprehensive Income - three months ended August 31, 2010 (unaudited)</u>	6
<u>Notes to Consolidated Financial Statements (unaudited)</u>	7 21
<b>Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	22 28
<b>Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u></b>	29
<b>Item 4. <u>Controls and Procedures</u></b>	30
<b>Part II: Other Information</b>	
<b>Item 1. <u>Legal Proceedings</u></b>	30
<b>Item 1A. <u>Risk Factors</u></b>	31
<b>Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	31
<b>Item 3. <u>Defaults Upon Senior Securities</u></b>	31
<b>Item 4. <u>(Removed and Reserved)</u></b>	31
<b>Item 5. <u>Other Information</u></b>	31
<b>Item 6. <u>Exhibits</u></b>	32

**Table of Contents****AngioDynamics, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF INCOME****(unaudited)****(in thousands, except per share data)**

	<b>Three Months Ended</b>	
	<b>Aug 31, 2010</b>	<b>Aug 31, 2009</b>
Net sales	\$ 51,507	\$ 50,092
Cost of sales	21,487	19,960
Gross profit	30,020	30,132
Operating expenses		
Research and development	5,242	4,849
Sales and marketing	14,444	15,359
General and administrative	4,586	4,077
Amortization of intangibles	2,267	2,272
Total operating expenses	26,539	26,557
Operating income	3,481	3,575
Other income (expenses)		
Interest income	167	188
Interest expense	(124)	(171)
Other expense	(571)	(182)
Total other income (expenses)	(528)	(165)
Income before income tax provision	2,953	3,410
Income tax provision	1,065	1,299
Net income	\$ 1,888	\$ 2,111
Earnings per common share		
Basic	\$ 0.08	\$ 0.09
Diluted	\$ 0.08	\$ 0.09
Basic weighted average shares outstanding	24,755	24,432
Diluted weighted average shares outstanding	25,032	24,590

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

**Table of Contents**

**AngioDynamics, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
**(unaudited)**  
**(in thousands, except share data)**

	Aug 31, 2010	May 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 67,202	\$ 58,763
Marketable securities, at fair value	34,796	41,311
Total cash, cash equivalents and marketable securities	101,998	100,074
Accounts receivable, net of allowances of \$553 and \$558, respectively	23,637	29,838
Inventories	33,517	29,216
Deferred income taxes	4,234	5,281
Prepaid expenses and other	6,396	6,951
Total current assets	169,782	171,360
PROPERTY, PLANT AND EQUIPMENT-AT COST, less accumulated depreciation	24,092	24,193
OTHER ASSETS	2,777	2,557
INTANGIBLE ASSETS, less accumulated amortization	56,093	58,352
GOODWILL	161,974	161,974
DEFERRED INCOME TAXES, long term	2,715	2,527
PREPAID ROYALTIES	2,918	2,962
<b>TOTAL ASSETS</b>	<b>\$ 420,351</b>	<b>\$ 423,925</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 8,758	\$ 12,044
Accrued liabilities	9,413	13,722
Current portion of long-term debt	260	260
Total current liabilities	18,431	26,026
LONG-TERM DEBT, net of current portion	6,485	6,550
Total liabilities	24,916	32,576
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, par value \$.01 per share, 5,000,000 shares authorized; no shares issued and outstanding		
Common stock, par value \$.01 per share, 45,000,000 shares authorized; issued and outstanding 24,819,824 and 24,747,145 shares at August 31, 2010 and May 31, 2010, respectively	248	247
Additional paid-in capital	367,422	365,344
Retained earnings	29,040	27,152
Accumulated other comprehensive loss	(1,275)	(1,394)
Total stockholders' equity	395,435	391,349

Edgar Filing: ANGIODYNAMICS INC - Form 10-Q

TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 420,351	\$ 423,925
---	------------	------------

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

**Table of Contents****AngioDynamics, Inc. and Subsidiaries****CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)****(in thousands)**

	<b>Three Months Ended</b>	
	<b>Aug 31, 2010</b>	<b>Aug 31, 2009</b>
<b>Cash flows from operating activities:</b>		
Net income	\$ 1,888	\$ 2,111
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,029	3,010
Tax effect on exercise of stock options and issuance of performance shares	9	29
Deferred income taxes	875	1,467
Change in allowance for excess and obsolete inventory	(266)	(251)
Stock based compensation	1,219	1,187
Imputed interest		56
Change in AR allowances	(5)	(32)
Other	115	124
Changes in operating assets and liabilities:		
Accounts receivable	6,206	3,830
Inventories	(4,035)	(7,165)
Prepaid expenses and other	379	(1)
Accounts payable and accrued liabilities	(7,676)	(3,226)
<b>Net cash provided by operating activities</b>	<b>1,738</b>	<b>1,139</b>
<b>Cash flows from investing activities:</b>		
Additions to property, plant and equipment	(662)	(930)
Purchases of marketable securities	(8,065)	(9,830)
Proceeds from sale or maturity of marketable securities	14,602	13,476
<b>Net cash provided by investing activities</b>	<b>5,875</b>	<b>2,716</b>
<b>Cash flows from financing activities:</b>		
Repayment of long-term debt	(65)	(85)
Proceeds from exercise of stock options and ESPP	850	574
<b>Net cash provided by financing activities</b>	<b>785</b>	<b>489</b>
Effect of exchange rate changes on cash and cash equivalents	41	(85)
<b>Increase in cash and cash equivalents</b>	<b>8,439</b>	<b>4,259</b>
Cash and cash equivalents at beginning of period	58,763	27,909
<b>Cash and cash equivalents at end of period</b>	<b>\$ 67,202</b>	<b>\$ 32,168</b>

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



Table of Contents

## AngioDynamics, Inc. and Subsidiaries

## CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND

## COMPREHENSIVE INCOME

Three Months Ended August 31, 2010

(unaudited)

(in thousands, except share data)

	Common Stock		Additional paid in capital	Retained earnings	Accumulated other comprehensive loss	Total	Comprehensive income
	Shares	Amount					
Balance at May 31, 2010	24,747,145	\$ 247	\$ 365,344	\$ 27,152	\$ (1,394)	\$ 391,349	
Net income				1,888		1,888	\$ 1,888
Exercise of stock options	26,183		249			249	
Purchase of common stock under Employee Stock Purchase Plan	46,496	1	601			602	
Stock-based compensation			1,219			1,219	
Tax effect of exercise of stock options			9				