

ROTONICS MANUFACTURING INC/DE  
Form 10-Q  
February 05, 2004

## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

### FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended: December 31, 2003

Commission File number: 1-9429

## ROTONICS MANUFACTURING INC.

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of  
incorporation or organization)

**36-2467474**

(I.R.S. Employer  
Identification Number)

**17022 South Figueroa Street, Gardena, California 90248**

(Address of principal executive offices) (Zip Code)

**(310) 538-4932**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since 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 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.

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Yes  No

Indicate by check mark whether the registrant is an accelerated filer (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 at December 31, 2003</b>
Common Shares (\$0.01 stated value)	12,012,591 Shares

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ROTONICS MANUFACTURING INC.

INDEX

PART I.

FINANCIAL INFORMATION

- Item 1 - Financial Statements
- Consolidated Balance Sheets -  
December 31, 2003 (Unaudited)  
and June 30, 2003
- Consolidated Statements of Operations, Comprehensive (Loss)/Income  
and Accumulated Deficit -  
Three Months and Six Months Ended December 31, 2003  
and 2002 (Unaudited)
- Consolidated Statements of Cash Flows -  
Six Months Ended December 31, 2003  
and 2002 (Unaudited)
- Notes to Consolidated Financial Statements
- Item 2 - Management's Discussion and Analysis of Financial Condition and  
Results of Operations
- Item 3 - Quantitative and Qualitative Disclosures about Market Risk
- Item 4 - Control and Procedures

PART II.

OTHER INFORMATION

- Item 6 - Exhibits and Reports on Form 8-K

SIGNATURES

## PART I. FINANCIAL INFORMATION

Item 1. Financial StatementsROTONICS MANUFACTURING INC.  
CONSOLIDATED BALANCE SHEETS

	December 31, 2003 (Unaudited)	June 30, 2003
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 57,200	\$ 44,700
Accounts receivable, net of allowance for doubtful accounts of \$222,200 and \$231,100, respectively	3,563,600	4,419,700
Current portion of notes receivable	32,400	92,100
Inventories	6,125,300	6,370,400
Deferred income taxes, net	224,900	256,900
Prepaid expenses and other current assets	870,200	256,400
Total current assets	10,873,600	11,440,200
Notes receivable, less current portion	138,600	138,600
Investment in partnership	102,700	104,300
Property, plant and equipment, net	14,371,100	14,462,000
Intangible assets, net	239,700	262,600
Other assets	53,800	42,500
	\$ 25,779,500	\$ 26,450,200
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Current portion of long-term debt	\$ 864,300	\$ 864,300
Accounts payable	1,740,700	2,791,600
Accrued liabilities	696,000	1,054,800
Total current liabilities	3,301,000	4,710,700
Bank line of credit	1,946,300	381,200
Long-term debt, less current portion	1,548,800	1,980,900
Deferred income taxes, net	2,406,000	2,427,400
Total liabilities	9,202,100	9,500,200

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Stockholders' equity:

Common stock, stated value \$.01: authorized 20,000,000 shares; issued and outstanding 12,012,591 and 12,344,791 shares, respectively, net of treasury shares	22,174,700	22,699,600
Accumulated other comprehensive loss, net of tax	(110,100)	(158,200)
Accumulated deficit	(5,487,200)	(5,591,400)
Total stockholders' equity	16,577,400	16,950,000
	\$ 25,779,500	\$ 26,450,200

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

ROTONICS MANUFACTURING INC.CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE (LOSS)/INCOME AND ACCUMULATED DEFICIT

(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2003	2002	2003	2002
Net sales	\$ 9,129,400	\$ 8,530,500	\$ 18,004,300	\$ 17,425,300
Costs and expenses:				
Cost of goods sold	7,456,000	6,463,500	14,249,200	13,010,800
Gross profit	1,673,400	2,067,000	3,755,100	4,414,500
Selling, general and administrative expenses	1,811,500	1,714,200	3,534,000	3,434,500
(Loss)/income from operations	(138,100)	352,800	221,100	980,000
Other (expense)/income:				
Interest expense	(54,200)	(61,100)	(109,100)	(143,100)
Other income, net	30,900	32,500	57,500	64,500
Total other expenses	(23,300)	(28,600)	(51,600)	(78,600)
(Loss)/income before income taxes	(161,400)	324,200	169,500	901,400
Income tax benefit/(provision)	67,200	(125,300)	(65,300)	(340,800)
Net (loss)/income	(94,200)	198,900	104,200	560,600
Other comprehensive income/(loss), before tax:				
Unrealized holding gain/(loss) arising during the period	9,200	(26,200)	17,500	(137,300)
Less: Reclassification adjustments for losses included in net (loss)/income	28,200	32,000	62,600	78,500
Total other comprehensive income/(loss) before tax	37,400	5,800	80,100	(58,800)
Income tax (provision)/benefit related to items of other comprehensive income/(loss)	(15,000)	(2,300)	(32,000)	23,500
Total other comprehensive income/(loss), net of tax	22,400	3,500	48,100	(35,300)
Comprehensive (loss)/income	\$ (71,800)	\$ 202,400	\$ 152,300	\$ 525,300
Accumulated deficit, beginning of period	\$ (5,393,000)	\$ (5,770,300)	\$ (5,591,400)	\$ (6,132,000)
Net (loss)/income	(94,200)	198,900	104,200	560,600
Accumulated deficit, end of period	\$ (5,487,200)	\$ (5,571,400)	\$ (5,487,200)	\$ (5,571,400)
Net (loss)/income per common share:				
<u>Basic and diluted</u>				
Net (loss)/income	\$ (.01)	\$ .01	\$ .01	\$ .04

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Weighted average number of common and common equivalent shares outstanding:				
Basic	12,317,026	12,527,405	12,317,368	12,550,520
Diluted	12,317,026	12,527,405	12,319,598	12,551,312

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

ROTONICS MANUFACTURING INC.  
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended December 31,	
	2003	2002
Cash flows from operating activities:		
Net income	\$ 104,200	\$ 560,600
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,080,800	1,054,900
Gain on sale of equipment		(1,100)
Deferred income tax benefit	(21,400)	(18,600)
Provision for doubtful accounts	44,300	47,100
Changes in assets and liabilities:		
Decrease in accounts receivable	811,800	1,777,500
Decrease/(increase) in inventories	245,100	(244,000)
Increase in prepaid expenses and other current assets	(613,800)	(315,600)
Increase in other assets	(11,300)	(2,000)
(Decrease)/increase in accounts payable	(434,900)	637,200
Decrease in accrued liabilities	(278,700)	(148,300)
Decrease in income taxes payable		(128,800)
Net cash provided by operating activities	926,100	3,218,900
Cash flows from investing activities:		
Repayments on notes receivable, net	59,700	42,800
Capital expenditures	(967,000)	(977,400)
Distribution from investment in partnership	1,600	2,600
Proceeds from sale of equipment		1,200
Net cash used in investing activities	(905,700)	(930,800)
Cash flows from financing activities:		
Borrowings under line of credit	6,024,600	3,803,200
Repayments under line of credit	(4,459,500)	(3,533,400)
Repayment of long-term debt	(432,100)	(1,825,400)
Payment of common stock dividend	(616,000)	(630,200)
Repurchases of common stock	(632,900)	(122,300)
Proceeds from issuance of common stock	108,000	
Net cash used in financing activities	(7,900)	(2,308,100)
Net increase/(decrease) in cash	12,500	(20,000)



Cash at beginning of period