

AEROSONIC CORP /DE/
Form 10-Q
September 12, 2011

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended July 29, 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 1-11750

AEROSONIC CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

74-1668471

(I.R.S. Employer Identification No.)

1212 North Hercules Avenue

Clearwater, Florida 33765

(Address of principal executive offices and Zip Code)

Registrant's telephone number, including area code: (727) 461-3000

Not Applicable

(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. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 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

As of September 12, 2011, the issuer had 3,763,744 shares of Common Stock outstanding, net of treasury shares.

PART I	FINANCIAL INFORMATION	
Item 1	Financial Statements	4
	Consolidated Balance Sheets as of July 29, 2011 (unaudited) and January 31, 2011	4
	Consolidated Statements of Operations for the three and six months ended July 29, 2011 (unaudited) and July 30, 2010 (unaudited)	5
	Consolidated Statements of Cash Flows for the six months ended July 29, 2011 (unaudited) and July 30, 2010 (unaudited)	6
	Notes to Consolidated Financial Statements (unaudited)	7
Item 2	Management’s Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3	Quantitative and Qualitative Disclosures About Market Risk	25
Item 4	Controls and Procedures	25
PART II	OTHER INFORMATION	
Item 1	Legal Proceedings	26
Item 1A	Risk Factors	26
Item 2	Unregistered Sale of Equity Securities and Use of Proceeds	26
Item 3	Defaults Upon Senior Securities	26
Item 4	Submission of Matters to a Vote of Security Holders	26
Item 5	Other Information	26
Item 6	Exhibits	26
	Signatures	27

PART I - FINANCIAL INFORMATION

Cautionary Note on Forward-Looking Statements

Certain statements made in this Quarterly Report on Form 10-Q that are not statements of historical or current facts are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from historical results or from any future results expressed or implied by such forward-looking statements, including those set forth in our Annual Report on Form 10-K for the year ended January 31, 2011 filed with the Securities and Exchange Commission.

In addition to statements that explicitly describe such risks and uncertainties, readers are urged to consider statements in future or conditional tenses or, include terms such as “believes,” “belief,” “expects,” “intends,” “anticipates” or “plans” uncertain and forward-looking. Forward-looking statements are based on management’s beliefs and assumptions, using information currently available to us as to current expectations concerning future events and trends and are necessarily subject to uncertainties, many of which are outside of the Company’s control.

We claim the protection of the safe harbor for forward-looking statements provided for in the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Except as required by applicable law, we undertake no obligation, and do not intend, to update these forward-looking statements to reflect events or circumstances that arise after the date they are made. Furthermore, as a matter of policy, we do not generally make any specific projections as to future earnings, nor do we endorse any projections regarding future performance, which may be made by others outside our company.

All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on its behalf are expressly qualified in their entirety by this Cautionary Note on Forward-Looking Statements.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AEROSONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	July 29, 2011 (unaudited)	January 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$-	\$162,000
Accounts receivable, net	3,793,000	4,653,000
Inventories, net	7,645,000	7,363,000
Prepaid expenses and other current assets, net	3,046,000	2,402,000
Property held for sale	2,062,000	2,062,000
Deferred income taxes	2,006,000	1,617,000
Total current assets	18,552,000	18,259,000
Property, plant and equipment, net	3,843,000	3,518,000
Deferred income taxes	1,198,000	1,198,000
Intangible assets, net	174,000	255,000
Goodwill	366,000	366,000
Other assets, net	64,000	82,000
Total assets	\$24,197,000	\$23,678,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility	\$3,470,000	\$2,313,000
Current maturities of long-term debt	753,000	1,255,000
Accounts payable, trade	2,720,000	2,544,000
Compensation and benefits	770,000	780,000
Accrued sales commissions	9,000	79,000
Accrued expenses and other liabilities	3,295,000	2,792,000
Total current liabilities	11,017,000	9,763,000
Long-term debt	4,631,000	4,985,000
Deferred income taxes	95,000	95,000
Total liabilities	15,743,000	14,843,000
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Common stock, \$.40 par value: authorized 8,000,000 shares; issued 4,190,032 shares and 4,180,239 shares at July 29, 2011 and January 31, 2011, respectively; outstanding 3,759,265 and 3,749,472 shares at July 29, 2011 and January 31, 2011, respectively.	1,676,000	1,672,000
Additional paid-in capital	6,331,000	6,232,000
Retained earnings	3,610,000	4,094,000
Less treasury stock: 430,767 shares at both July 29, 2011 and January 31, 2011, at cost	(3,163,000)	(3,163,000)
Total stockholders' equity	8,454,000	8,835,000
Total liabilities and stockholders' equity	\$24,197,000	\$23,678,000

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

AEROSONIC CORPORATION AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

	Three Months Ended		Six Months Ended	
	July 29,	July 30, 2010	July 29,	July 30, 2010
	2011		2011	
Sales, net	\$6,421,000	\$ 6,813,000	\$13,130,000	\$ 13,744,000
Cost of sales	5,004,000	4,714,000	10,007,000	9,491,000
Gross profit	1,417,000	2,099,000	3,123,000	4,253,000
Selling, general and administrative expenses	1,638,000	1,819,000	3,726,000	3,574,000
Operating (loss) income	(221,000)	280,000	(603,000)	679,000
Other (expense) income:				