

ANGIODYNAMICS INC
Form 10-Q
April 08, 2011
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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 February 28, 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 0-50761

AngioDynamics, Inc.

(Exact name of registrant as specified in its charter)

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

| Class | Outstanding as of April 4, 2011 |
|-------------------------------|---------------------------------|
| Common Stock, par value \$.01 | 24,975,757 shares |

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AngioDynamics, Inc. and Subsidiaries

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

| | Three Months Ended | | Nine Months Ended | |
|---|--------------------|--------------|-------------------|--------------|
| | Feb 28, 2011 | Feb 28, 2010 | Feb 28, 2011 | Feb 28, 2010 |
| Net sales | \$ 54,648 | \$ 52,207 | \$ 159,527 | \$ 155,758 |
| Cost of sales | 22,927 | 21,934 | 66,250 | 63,746 |
| Gross profit | 31,721 | 30,273 | 93,277 | 92,012 |
| Operating expenses | | | | |
| Research and development | 5,322 | 4,289 | 15,824 | 13,901 |
| Sales and marketing | 14,553 | 14,032 | 42,790 | 44,433 |
| General and administrative | 4,346 | 4,075 | 13,877 | 12,183 |
| Amortization of intangibles | 2,252 | 2,284 | 6,660 | 7,007 |
| Total operating expenses | 26,473 | 24,680 | 79,151 | 77,524 |
| Operating income | 5,248 | 5,593 | 14,126 | 14,488 |
| Other income (expenses) | | | | |
| Interest income | 208 | 181 | 536 | 531 |
| Interest expense | (119) | (137) | (359) | (545) |
| Other expense | (267) | (277) | (1,145) | (674) |
| Total other income (expenses) | (178) | (233) | (968) | (688) |
| Income before income tax provision | 5,070 | 5,360 | 13,158 | 13,800 |
| Income tax provision | 1,259 | 2,027 | 4,180 | 5,227 |
| Net income | \$ 3,811 | \$ 3,333 | \$ 8,978 | \$ 8,573 |
| Earnings per common share | | | | |
| Basic | \$ 0.15 | \$ 0.14 | \$ 0.36 | \$ 0.35 |
| Diluted | \$ 0.15 | \$ 0.13 | \$ 0.36 | \$ 0.35 |
| Basic weighted average shares outstanding | 24,902 | 24,622 | 24,833 | 24,523 |
| Diluted weighted average shares outstanding | 25,174 | 24,867 | 25,085 | 24,722 |

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

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

| | Feb 28, 2011 | May 31, 2010 |
|--|-------------------|-------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 35,257 | \$ 58,763 |
| Marketable securities, at fair value | 84,973 | 41,311 |
| Total cash, cash equivalents and marketable securities | 120,230 | 100,074 |
| Accounts receivable, net of allowances of \$495 and \$558, respectively | 28,461 | 29,838 |
| Inventories | 29,489 | 29,216 |
| Deferred income taxes | 3,848 | 5,281 |
| Prepaid expenses and other | 4,539 | 6,951 |
| Total current assets | 186,567 | 171,360 |
| PROPERTY, PLANT AND EQUIPMENT-AT COST, less accumulated depreciation | 23,714 | 24,193 |
| OTHER ASSETS | 2,598 | 2,557 |
| INTANGIBLE ASSETS, less accumulated amortization | 53,770 | 58,352 |
| GOODWILL | 161,959 | 161,974 |
| DEFERRED INCOME TAXES, long term | 1,638 | 2,527 |
| PREPAID ROYALTIES | 3,153 | 2,962 |
| TOTAL ASSETS | \$ 433,399 | \$ 423,925 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 8,163 | \$ 12,044 |
| Accrued liabilities | 13,047 | 13,722 |
| Current portion of long-term debt | 270 | 260 |
| Total current liabilities | 21,480 | 26,026 |
| LONG-TERM DEBT, net of current portion | 6,345 | 6,550 |
| Total liabilities | 27,825 | 32,576 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS EQUITY | | |
| 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 24,975,157 and 24,747,145 shares at February 28, 2011 and May 31, 2010, respectively | 249 | 247 |
| Additional paid-in capital | 370,660 | 365,344 |
| Retained earnings | 36,130 | 27,152 |
| Accumulated other comprehensive loss | (1,465) | (1,394) |
| Total stockholders equity | 405,574 | 391,349 |
| TOTAL LIABILITIES AND STOCKHOLDERS EQUITY | \$ 433,399 | \$ 423,925 |

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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)**

| | Nine Months Ended | |
|---|-------------------|---------------|
| | Feb 28, 2011 | Feb 28, 2010 |
| Cash flows from operating activities: | | |
| Net income | \$ 8,978 | \$ 8,573 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 9,112 | 9,256 |
| Tax effect on exercise of stock options and issuance of performance shares | (97) | (145) |
| Deferred income taxes | 2,437 | 4,943 |
| Change in allowance for excess and obsolete inventory | 142 | (640) |
| Stock based compensation | 3,402 | 3,672 |
| Imputed interest | | 153 |
| Change in accounts receivable allowances | (63) | (68) |
| Other | (29) | (97) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 1,440 | 713 |
| Inventories | (87) | 3,170 |
| Prepaid expenses and other | 2,371 | (8) |
| Accounts payable and accrued liabilities | (5,633) | (5,708) |
| Net cash provided by operating activities | 21,973 | 23,814 |
| Cash flows from investing activities: | | |
| Additions to property, plant and equipment | (1,972) | (3,394) |
| Acquisition of intangible assets and business | (1,084) | (5,342) |
| Other cash flows from investing activities | (182) | |
| Purchases of marketable securities | (149,990) | (37,834) |
| Proceeds from sale or maturity of marketable securities | 105,890 | 29,649 |