

ROTONICS MANUFACTURING INC/DE
Form 10-Q
February 02, 2005

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, 2004**

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)

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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 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.

Class	Outstanding at December 31, 2004
Common Shares (\$0.01 stated value)	11,964,858 Shares

ROTONICS MANUFACTURING INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial StatementsROTONICS MANUFACTURING INC.CONSOLIDATED BALANCE SHEETS

	December 31, 2004 (Unaudited)	June 30, 2004
<u>ASSETS</u>		
Current assets:		
Cash	\$ 47,300	\$ 56,500
Accounts receivable, net of allowance for doubtful accounts of \$315,700 and \$256,100, respectively	4,851,500	5,784,900
Inventories	7,574,800	6,629,000
Deferred income taxes, net	227,400	243,700
Prepaid expenses and other current assets	542,000	266,500
Total current assets	13,243,000	12,980,600
Notes receivable, less current portion	138,600	138,600
Investment in partnership	99,800	100,900
Property, plant and equipment, net	13,764,300	13,849,700
Intangible assets, net	193,900	216,700
Other assets	64,500	65,300
	\$ 27,504,100	\$ 27,351,800
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Current portion of long-term debt	\$ 864,300	\$ 864,300
Accounts payable	2,513,100	3,450,900
Accrued liabilities	979,100	909,100
Total current liabilities	4,356,500	5,224,300
Bank line of credit	2,036,200	1,357,300
Long-term debt, less current portion	684,500	1,116,700
Deferred income taxes, net	2,335,500	2,393,300
Other liabilities	83,000	83,000
Total liabilities	9,495,700	10,174,600
Stockholders' equity:		
Common stock, stated value \$.01: authorized 20,000,000 shares; issued and outstanding 11,964,858 and 11,981,158 shares, respectively	22,095,500	22,127,900
Accumulated other comprehensive loss, net of tax	(40,000)	(64,400)
Accumulated deficit	(4,047,100)	(4,886,300)
Total stockholders' equity	18,008,400	17,177,200
	\$ 27,504,100	\$ 27,351,800

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

ROTONICS MANUFACTURING INC.

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE INCOME/(LOSS) AND ACCUMULATED DEFICIT

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(Unaudited)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2004	2003	2004	2003
Net sales	\$ 9,935,400	\$ 9,129,400	\$ 21,904,900	\$ 18,004,300
Costs and expenses:				
Cost of goods sold	7,948,600	7,456,000	16,894,100	14,249,200
Gross profit	1,986,800	1,673,400	5,010,800	3,755,100
Selling, general and administrative expenses	1,750,400	1,811,500	3,685,300	3,534,000
Income/(loss) from operations	236,400	(138,100)	1,325,500	221,100
Other income/(expense):				
Interest expense	(51,700)	(54,200)	(103,700)	(109,100)
Other income, net	104,500	30,900	168,000	57,500
Total other income/(expense)	52,800	(23,300)	64,300	(51,600)
Income/(loss) before income taxes	289,200	(161,400)	1,389,800	169,500
Income tax (provision)/benefit	(107,800)	67,200	(550,600)	(65,300)
Net income/(loss)	181,400	(94,200)	839,200	104,200
Other comprehensive gain, before tax:				
Unrealized holding gain/(loss) arising during the period	12,100	9,200	(7,500)	17,500
Less: Reclassification adjustments for losses included in net income/(loss)	22,000	28,200	48,100	62,600
Total other comprehensive gain before tax	34,100	37,400	40,600	80,100
Income tax expense related to items of other comprehensive gain	(13,600)	(15,000)	(16,200)	(32,000)
Total other comprehensive gain, net of tax	20,500	22,400	24,400	48,100
Comprehensive income/(loss)	\$ 201,900	\$ (71,800)	\$ 863,600	\$ 152,300
Accumulated deficit, beginning of period	\$ (4,228,500)	\$ (5,393,000)	\$ (4,886,300)	\$ (5,591,400)
Net income/(loss)	181,400	(94,200)	839,200	104,200
Accumulated deficit, end of period	\$ (4,047,100)	\$ (5,487,200)	\$ (4,047,100)	\$ (5,487,200)
Net income/(loss) per common share:				
Basic and diluted				
Net income/(loss)	\$.02	\$ (.01)	\$.07	\$.01
Weighted average number of common and common equivalent shares outstanding:				
Basic	11,967,371	12,317,026	11,973,098	12,317,368
Diluted	11,967,371	12,317,026	11,973,098	12,319,598

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,	
	2004	2003
Cash flows from operating activities:		
Net income	\$ 839,200	\$ 104,200
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,088,800	1,080,800
Gain on sale of equipment	(109,800)	
Deferred income tax benefit	(57,800)	(21,400)
Provision for doubtful accounts	63,900	44,300
Changes in assets and liabilities:		
Decrease in accounts receivable	869,500	811,800
(Increase)/decrease in inventories	(945,800)	245,100
Increase in prepaid expenses and other current assets	(275,500)	(613,800)
Decrease/(increase) in other assets	800	(11,300)
Decrease in accounts payable	(338,700)	(434,900)
Increase/(decrease) in accrued liabilities	110,700	(278,700)
Net cash provided by operating activities	1,245,300	926,100
Cash flows from investing activities:		