

AEROSONIC CORP /DE/  
Form 10-Q  
December 14, 2009  
Table of Contents

**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 October 30, 2009**

**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)**

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**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 (as defined 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 December 14, 2009, the issuer had 3,728,396 shares of Common Stock outstanding, net of treasury shares.

**Table of Contents**

<b>PART I</b>		<b>FINANCIAL INFORMATION</b>
Item 1	<u>Financial Statements</u>	
	<u>Consolidated Balance Sheets as of October 30, 2009 (unaudited) and January 31, 2009</u>	4
	<u>Consolidated Statements of Operations for the three and nine months ended October 30, 2009 and October 31, 2008 (unaudited)</u>	5
	<u>Consolidated Statements of Cash Flows for the nine months ended October 30, 2009 and October 31, 2008 (unaudited)</u>	6
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	7
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	13
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	18
Item 4	<u>Controls and Procedures</u>	18
<b>PART II</b>		<b>OTHER INFORMATION</b>
Item 1	<u>Legal Proceedings</u>	20
Item 1A	<u>Risk Factors</u>	20
Item 2	<u>Unregistered Sale of Equity Securities and Use of Proceeds</u>	20
Item 3	<u>Defaults Upon Senior Securities</u>	20
Item 4	<u>Submission of Matters to a Vote of Security Holders</u>	20
Item 5	<u>Other Information</u>	20
Item 6	<u>Exhibits</u>	20
	<u>Signatures</u>	21

**Table of Contents**

**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.

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 to be 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.

**Table of Contents****PART I - FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****AEROSONIC CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	<b>October 30, 2009 (unaudited)</b>	<b>January 31, 2009</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Accounts receivable, net	\$ 3,673,000	\$ 1,818,000
Inventories, net	7,931,000	8,062,000
Prepaid expenses and other current assets, net	691,000	134,000
Property held for sale, net	1,712,000	1,712,000
Deferred income taxes	1,741,000	1,778,000
Total current assets	15,748,000	13,504,000
Property, plant and equipment, net	2,314,000	1,197,000
Deferred income taxes	586,000	1,735,000
Intangible assets, net	505,000	669,000
Goodwill	366,000	366,000
Other assets, net	44,000	290,000
Total assets	\$ 19,563,000	\$ 17,761,000
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>Current liabilities:</b>		
Revolving credit facility	\$ 2,029,000	\$ 547,000
Short-term notes	563,000	-
Current maturities of long-term debt and notes payable	5,179,000	5,475,000
Accounts payable, trade	2,897,000	2,988,000
Customer advances	600,000	3,168,000
Compensation and benefits	530,000	608,000
Accrued sales commissions	73,000	242,000
Accrued expenses and other current liabilities	1,177,000	1,421,000
Total current liabilities	13,048,000	14,449,000
Unrecognized tax benefits	228,000	254,000
Deferred income taxes	231,000	251,000
Total liabilities	13,507,000	14,954,000
<b>Commitments and contingencies (Note 11)</b>		
<b>Stockholders equity:</b>		
Common stock, \$.40 par value: authorized 8,000,000 shares; issued 4,159,163 and 4,051,110 shares at October 30, 2009 and January 31, 2009, respectively; outstanding 3,728,396 and 3,620,343 shares at	1,664,000	1,621,000

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October 30, 2009 and January 31, 2009, respectively.

Additional paid-in capital	5,688,000	5,141,000
Retained earnings (deficit)	1,867,000	(792,000)
Less treasury stock: 430,767 shares at both October 30, 2009 and January 31, 2009, at cost	(3,163,000)	(3,163,000)
Total stockholders' equity	6,056,000	2,807,000
Total liabilities and stockholders' equity	\$ 19,563,000	\$ 17,761,000

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

**Table of Contents****AEROSONIC CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Three Months Ended		Nine Months Ended	
	October 30, 2009	October 31, 2008	October 30, 2009	October 31, 2008
Sales, net	\$ 7,537,000	\$ 2,915,000	\$ 24,425,000	\$ 15,528,000
Cost of sales	4,865,000	3,011,000	15,280,000	12,181,000
Gross profit (loss)	2,672,000	(96,000)	9,145,000	3,347,000
Selling, general and administrative expenses	1,754,000	1,771,000	5,492,000	5,704,000
Gain on sale of property, plant and equipment	-	14,000	10,000	18,000
Operating income (loss)	918,000	(1,853,000)	3,663,000	(2,339,000)
Other income (expense):				
Interest expense, net	(188,000)	(94,000)	(395,000)	(340,000)
Gain from casualty	-	956,000	550,000	956,000
Other expense	(2,000)	(1,000)	(19,000)	(18,000)
	(190,000)	861,000	136,000	598,000
Income (loss) before income taxes	728,000	(992,000)	3,799,000	(1,741,000)
Income tax (provision) benefit	-	-	(1,140,000)	279,000
Net income (loss)	\$ 728,000	\$ (992,000)	\$ 2,659,000	\$ (1,462,000)
Basic earnings (loss) per share	\$ 0.20	\$ (0.28)	\$ 0.72	\$ (0.41)
Diluted earnings (loss) per share	\$ 0.18	\$ (0.28)	\$ 0.69	\$ (0.41)
Weighted average shares outstanding:				
Basic	3,726,031	3,606,668	3,676,675	3,599,120
Diluted	4,037,882	3,606,668	3,865,335	3,599,120

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

**Table of Contents****AEROSONIC CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**

	Nine Months Ended	
	October 30, 2009	October 31, 2008
<b>Cash flows from operating activities:</b>		
Net Income (loss)	\$ 2,659,000	\$ (1,462,000)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities:		
Depreciation	202,000	293,000
Amortization	184,000	180,000
Accretion on short-term notes	169,000	-
Bad debt expense	-	120,000
Stock-based compensation	184,000	64,000
Gain on sale of property, plant and equipment	(10,000)	(18,000)
Gain from casualty	(550,000)	(956,000)
Proceeds from insurance	550,000	1,000,000
Deferred income taxes	1,140,000	(279,000)
Changes in assets and liabilities:		
Accounts receivable, net	(1,855,000)	2,402,000
Inventories, net	131,000	(985,000)
Prepaid expenses and other current assets, net	(557,000)	(245,000)
Other assets	226,000	5,000
Accounts payable, trade	(91,000)	(1,097,000)
Customer advances	(2,568,000)	2,619,000
Compensation and benefits	(78,000)	(205,000)
Accrued expenses and other liabilities	(413,000)	(73,000)
Net cash (used in) provided by operating activities	(677,000)	1,363,000
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of property and equipment	10,000	23,000
Proceeds from insurance	-	1,600,000
Purchases of property, plant and equipment	(1,319,000)	(126,000)
Net cash (used in) provided by investing activities	(1,309,000)	1,497,000
<b>Cash flows from financing activities:</b>		
Net increase in revolving credit facility	1,482,000	Barbara J. Green

Vice President, Deputy General Counsel,  
and Secretary of Franklin Resources, Inc.



Attorney-in-Fact for Charles B. Johnson pursuant to Power of Attorney attached to this Schedule 13G

Attorney-in-Fact for Rupert H. Johnson, Jr. pursuant to Power of Attorney attached to this Schedule 13G

Templeton Global Advisors Limited

By: /s/GREGORY E. MCGOWAN

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Gregory E. McGowan

Executive Vice President and Secretary of

Templeton Global Advisors Limited

EXHIBIT B

POWER OF ATTORNEY

CHARLES B. JOHNSON hereby appoints BARBARA J. GREEN his true and lawful attorney-in-fact and agent to execute and file with the Securities and Exchange Commission any Schedule 13G or 13D, any amendments thereto or any related documentation which may be required to be filed in his individual capacity as a result of his position as an officer, director or shareholder of Franklin Resources, Inc. and, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing which he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Date: 9-11-03

/s/Charles B. Johnson

Charles B. Johnson

POWER OF ATTORNEY

RUPERT H. JOHNSON hereby appoints BARBARA J. GREEN his true and lawful attorney-in-fact and agent to execute and file with the Securities and Exchange Commission any Schedule 13G or 13D, any amendments thereto or any related documentation which may be required to be filed in his individual capacity as a result of his position as an officer, director or shareholder of Franklin Resources, Inc. and, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing which he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Date: Sept 4, 2003

/s/Rupert H. Johnson, Jr.

Rupert H. Johnson





Exhibit C

Templeton Global Advisors Limited    Item 3 classification: 3(e)  
Franklin Templeton Investment Management  
Limited    Item 3 Classification: 3(e)  
Franklin Templeton Investments Corp. Item 3 classification: 3(e)  
Franklin Templeton Investments (Asia)  
Limited    Item 3 classification: 3(e)  
Templeton Investment Counsel, LLC    Item 3 classification: 3(e)



