

ATRION CORP
Form 10-Q
August 06, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934 for the Quarterly Period Ended June 30, 2014

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 0-10763

Atrion Corporation
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

63-0821819
(I.R.S. Employer Identification
No.)

One Allentown Parkway, 75002
Allen, Texas
(Address of Principal
Executive Offices) (Zip Code)

(972) 390-9800
(Registrant's Telephone Number,
Including Area Code)

Indicate by check 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 whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "accelerated filer," "large 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 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.

Title of Each Class	Number of Shares Outstanding at July 15, 2014
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Common stock, Par Value \$0.10 per share	1,948,940
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ATRION CORPORATION AND SUBSIDIARIES

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PART I
FINANCIAL INFORMATION

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Item 1. Financial Statements

ATRION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
	(In thousands, except per share amounts)			
Revenues	\$35,025	\$32,605	\$71,444	\$66,097
Cost of goods sold	17,616	16,971	36,647	34,754
Gross profit	17,409	15,634	34,797	31,343
Operating expenses:				
Selling	1,616	1,481	3,201	3,066
General and administrative	4,386	3,706	8,314	7,300
Research and development	1,150	952	2,325	2,082
	7,152	6,139	13,840	12,448
Operating income	10,257	9,495	20,957	18,895
Interest income	364	346	664	695
Income before provision for income taxes	10,621	9,841	21,621	19,590
Provision for income taxes	(3,739)	(3,335)	(7,539)	(6,450)
Net income	\$6,882	\$6,506	\$14,082	\$13,140
Net income per basic share	\$3.51	\$3.23	\$7.14	\$6.51
Weighted average basic shares outstanding	1,960	2,015	1,971	2,017
Net income per diluted share	\$3.48	\$3.22	\$7.09	\$6.50
Weighted average diluted shares outstanding	1,977	2,019	1,987	2,021
Dividends per common share	\$0.64	\$0.56	\$1.28	\$1.12

The accompanying notes are an integral part of these statements.

ATRION CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

Assets	June 30, 2014	December 31, 2013
	(in thousands)	
Current assets:		
Cash and cash equivalents	\$23,521	\$28,559
Short-term investments	18,146	18,351
Accounts receivable	16,407	14,164
Inventories	27,208	26,266
Prepaid expenses and other current assets	2,488	1,603
Deferred income taxes	1,376	1,376
	89,146	90,319
Long-term investments	10,000	10,069
Property, plant and equipment	136,024	130,504
Less accumulated depreciation and amortization	76,107	72,176
	59,917	58,328
Other assets and deferred charges:		
Patents	2,673	2,808
Goodwill	9,730	9,730
Other	864	812
	13,267	13,350
Total assets	\$172,330	\$172,066
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$9,694	\$8,511
Accrued income and other taxes	300	853
	9,994	9,364
Line of credit	--	--
Other non-current liabilities	12,466	13,708
Stockholders' equity:		
Common stock, par value \$0.10 per share; authorized 10,000 shares, issued 3,420 shares	342	342
Paid-in capital	32,853	31,592
Retained earnings	185,915	174,362
Treasury shares, 1,471 at June 30, 2014 and 1,435 at December 31, 2013, at cost	(69,240)	(57,302)
Total stockholders' equity	149,870	148,994

Total liabilities and stockholders' equity	\$172,330	\$172,066
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The accompanying notes are an integral part of these financial statements.

ATRION CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six Months Ended June 30,	
	2014	2013
	(In Thousands)	
Cash flows from operating activities:		
Net income	\$14,082	\$13,140
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,458	4,271
Deferred income taxes	(1,016)	(449)
Stock-based compensation	1,129	842
Net change in accrued interest, premiums, and discounts on investments	274	278
Other	30	26
	18,957	18,108
Changes in operating assets and liabilities:		
Accounts receivable	(2,243)	(4,072)
Inventories	(942)	(1,404)
Prepaid expenses	(885)	810
Other non-current assets	(52)	(73)
Accounts payable and accrued liabilities	1,183	2,884
Accrued income and other taxes	(553)	270
Other non-current liabilities	(226)	6
	15,239	16,529
Cash flows from investing activities:		
Property, plant and equipment additions	(5,942)	(2,735)
Purchase of investments	(19,375)	--
Proceeds from maturities of investments	19,375	3,639
	(5,942)	904
Cash flows from financing activities:		
Shares tendered for employees' withholding taxes on stock-based compensation	(377)	--
Tax benefit related to stock-based compensation	163	6
Purchase of treasury stock	(11,608)	(2,912)
Dividends paid	(2,513)	(2,257)
	(14,335)	(5,163)
Net change in cash and cash equivalents	(5,038)	