

RICHARDSON ELECTRONICS LTD/DE

Form 10-Q

October 10, 2013

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 August 31, 2013

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: 0-12906

RICHARDSON ELECTRONICS, LTD.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

36-2096643

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

40W267 Keslinger Road, P.O. Box 393

LaFox, Illinois 60147-0393

(Address of principal executive offices)

Registrant's telephone number, including area code: (630) 208-2200

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 (§232.405 of this chapter) 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 (Do not check if a smaller reporting company) 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 October 7, 2013, there were outstanding 11,877,968 shares of Common Stock, \$0.05 par value and 2,190,644 shares of Class B Common Stock, \$0.05 par value, which are convertible into Common Stock of the registrant on a

share for share basis.

Table of Contents

TABLE OF CONTENTS

	Page
Part I. <u>Financial Information</u>	
Item 1. <u>Financial Statements</u>	<u>2</u>
<u>Consolidated Balance Sheets</u>	<u>2</u>
<u>Unaudited Consolidated Statements of Comprehensive Income</u>	<u>3</u>
<u>Unaudited Consolidated Statements of Cash Flows</u>	<u>4</u>
<u>Unaudited Consolidated Statement of Stockholders' Equity</u>	<u>5</u>
<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>6</u>
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>18</u>
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>27</u>
Item 4. <u>Controls and Procedures</u>	<u>28</u>
Part II. <u>Other Information</u>	
Item 1. <u>Legal Proceedings</u>	<u>28</u>
Item 1A. <u>Risk Factors</u>	<u>28</u>
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>28</u>
Item 5. <u>Other Information</u>	<u>28</u>
Item 6. <u>Exhibits</u>	<u>28</u>
<u>Signatures</u>	<u>29</u>
<u>Exhibit Index</u>	<u>30</u>

Table of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Richardson Electronics, Ltd.

Consolidated Balance Sheets

(in thousands, except per share amounts)

	Unaudited August 31, 2013	Audited June 1, 2013
Assets		
Current assets:		
Cash and cash equivalents	\$92,530	\$102,002
Accounts receivable, less allowance of \$1,078 and \$1,092	19,499	18,268
Inventories	35,277	33,975
Prepaid expenses and other assets	1,011	1,155
Deferred income taxes	1,912	1,856
Income tax receivable	3,678	6,429
Investments—current	39,822	38,971
Discontinued operations—assets	338	303
Total current assets	194,067	202,959
Non-current assets:		
Property, plant and equipment, net	5,600	5,073
Goodwill	1,567	1,519
Other intangibles	891	908
Non-current deferred income taxes	1,449	1,398
Investments—non-current	4,226	5,461
Total non-current assets	13,733	14,359
Total assets	\$207,800	\$217,318
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$11,755	\$14,255
Accrued liabilities	7,412	9,566
Discontinued operations—liabilities	541	245
Total current liabilities	19,708	24,066
Non-current liabilities:		
Long-term income tax liabilities	6,484	6,726
Other non-current liabilities	1,337	1,287
Discontinued operations—non-current liabilities	—	—
Total non-current liabilities	7,821	8,013
Total liabilities	27,529	32,079
Commitments and contingencies	—	—
Stockholders' equity		
Common stock, \$0.05 par value; issued 12,006 shares at August 31, 2013, and 12,263 shares at June 1, 2013	600	613
Class B common stock, convertible, \$0.05 par value; issued 2,191 shares at August 31, 2013 and 2,491 shares at June 1, 2013	110	125
Preferred stock, \$1.00 par value, no shares issued	—	—
Additional paid-in capital	67,607	73,979
Common stock in treasury, at cost, 19 shares at August 31, 2013, and 9 shares at June 1, 2013	(210) (105

Edgar Filing: RICHARDSON ELECTRONICS LTD/DE - Form 10-Q

Retained earnings	102,927	101,816
Accumulated other comprehensive income	9,237	8,811
Total stockholders' equity	180,271	185,239
Total liabilities and stockholders' equity	\$207,800	\$217,318

2

Richardson Electronics, Ltd.
 Unaudited Consolidated Statements of Comprehensive Income
 (in thousands, except per share amounts)

	Three Months Ended	
	August 31, 2013	September 1, 2012
Statements of Comprehensive Income		
Net Sales	\$34,257	\$35,650
Cost of Sales	24,065	25,004
Gross profit	10,192	10,646
Selling, general, and administrative expenses	10,069	10,149
Gain (loss) on disposal of assets	—	(4)
Operating income	123	501
Other (income) expense:		
Investment/interest income	(265)	(383)
Foreign exchange (gain) loss	106	(37)
Proceeds from legal settlement	(2,115)	—
Other, net	(30)	(23)
Total other income	(2,304)	(443)
Income from continuing operations before income taxes	2,427	944
Income tax provision	448	210
Income from continuing operations	1,979	734
Loss from discontinued operations, net of tax	(11))