

NEOGEN CORP  
Form 10-Q  
January 06, 2011  
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**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 November 30, 2010.

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 0-17988

**Neogen Corporation**

*(Exact name of registrant as specified in its charter)*

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**Michigan**  
*(State or other jurisdiction of  
incorporation or organization)*

**38-2367843**  
*(IRS Employer  
Identification Number)*

**620 Leshar Place**

**Lansing, Michigan 48912**

*(Address of principal executive offices, including zip code)*

**(517) 372-9200**

*(Registrant's telephone number, including area code)*

**N/A**

*(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 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, or a non-accelerated filer (see definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act):

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 December 1, 2010, there were 23,115,000 shares of Common Stock outstanding.

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**NEOGEN CORPORATION AND SUBSIDIARIES**

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**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Interim Consolidated Financial Statements****NEOGEN CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

	November 30, 2010 <i>(In thousands, except share and per share amounts)</i> <b>(Unaudited)</b>	May 31, 2010 <i>(Audited)</i>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 44,392	\$ 22,806
Accounts receivable, less allowance of \$700 and \$600.	28,050	27,433
Inventories	31,433	31,316
Deferred income taxes	774	774
Prepaid expenses and other current assets	3,479	3,691
<b>TOTAL CURRENT ASSETS</b>	<b>108,128</b>	<b>86,020</b>
<b>NET PROPERTY AND EQUIPMENT</b>	<b>20,739</b>	<b>19,180</b>
<b>OTHER ASSETS</b>		
Goodwill	53,320	52,899
Other non-amortizable intangible assets	4,089	4,139
Customer based intangibles, net of accumulated amortization of \$4,779 and \$4,002	12,245	13,021
Other non-current assets, net of accumulated amortization of \$2,360 and \$1,822	5,154	4,974
	<b>74,808</b>	<b>75,033</b>
	<b>\$ 203,675</b>	<b>\$ 180,233</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 9,010	\$ 7,187
Accrued compensation	1,803	2,346
Income taxes	4,685	2,838
Other accruals	5,799	4,662
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,297</b>	<b>17,033</b>
<b>DEFERRED INCOME TAXES</b>	<b>5,824</b>	<b>5,824</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>4,596</b>	<b>4,323</b>
	<b>10,420</b>	<b>10,147</b>
<b>TOTAL LIABILITIES</b>	<b>31,717</b>	<b>27,180</b>
<b>EQUITY</b>		
Preferred stock, \$1.00 par value, 100,000 shares authorized, none issued and outstanding		

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Common stock, \$.16 par value, 30,000,000 shares authorized 23,115,106 shares issued and outstanding at November 30, 2010; 22,625,399 shares issued and outstanding at May 31, 2010	3,698	3,621
Additional paid-in capital	75,584	69,550
Accumulated other comprehensive loss	(817)	(1,676)
Retained earnings	93,137	81,170
Total Neogen Corporation Stockholders' Equity	171,602	152,665
Noncontrolling Interest	356	388
TOTAL EQUITY	171,958	153,053
	\$ 203,675	\$ 180,233

See notes to interim consolidated financial statements

**Table of Contents****NEOGEN CORPORATION AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Three Months Ended November 30		Six Months Ended November 30	
	2010	2009	2010	2009
	<i>(In thousands, except per share amounts)</i>			
Net sales	\$ 43,931	\$ 35,251	\$ 86,853	\$ 67,598
Cost of goods sold	21,443	16,729	41,598	31,806
<b>GROSS MARGIN</b>	<b>22,488</b>	<b>18,522</b>	<b>45,255</b>	<b>35,792</b>
<b>OPERATING EXPENSES</b>				
Sales and marketing	7,504	6,405	15,016	12,377
General and administrative	3,714	3,191	7,576	6,082
Research and development	1,641	1,698	3,438	3,161
	12,859	11,294	26,030	21,620
<b>OPERATING INCOME</b>	<b>9,629</b>	<b>7,228</b>	<b>19,225</b>	<b>14,172</b>
<b>OTHER INCOME (LOSS)</b>				
Interest income	28	16	57	33
Change in purchase consideration	(100)		(400)	
Other income (expense)	(47)	(34)	(147)	1
	(119)	(18)	(490)	34
<b>INCOME BEFORE INCOME TAXES</b>	<b>9,510</b>	<b>7,210</b>	<b>18,735</b>	<b>14,206</b>
<b>INCOME TAXES</b>	<b>3,400</b>	<b>2,600</b>	<b>6,800</b>	<b>5,200</b>
<b>NET INCOME</b>	<b>\$ 6,110</b>	<b>\$ 4,610</b>	<b>\$ 11,935</b>	<b>\$ 9,006</b>
<b>NET INCOME PER SHARE</b>				
Basic	\$ .27	\$ .21	\$ .52	\$ .40
Diluted	\$ .26	\$ .20	\$ .51	\$ .39

See notes to interim consolidated financial statements

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## NEOGEN CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENT OF EQUITY (UNAUDITED)

	Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Noncontrolling Interest	Total
	Shares	Amount		(In thousands)			
Balance, June 1, 2010	22,625	\$ 3,621	\$ 69,550	\$ (1,676)	\$ 81,170	\$ 388	\$ 153,053
Issuance of shares of common stock under equity compensation plans, and share based compensation, including \$322 of excess income tax benefit	481	75	5,841				5,916
Issuance of shares under employee stock purchase plan	9	2	193				195
Comprehensive income:							
Net income for the six months ended November 30, 2010					11,967	(32)	11,935
Foreign currency translation adjustments				859			859
Total comprehensive income (\$8,924 in the six months ended November 30, 2009)							12,794
Balance, November 30, 2010	23,115	\$ 3,698	\$ 75,584	\$ (817)	\$ 93,137	\$ 356	\$ 171,958