

STARRETT L S CO  
Form 10-Q  
January 31, 2019

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 December 31, 2018

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 1-367

**THE L. S. STARRETT COMPANY**

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

(State or other jurisdiction of incorporation or organization)

04-1866480

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

121 CRESCENT STREET, ATHOL, MASSACHUSETTS 01331-1915

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code 978-249-3551

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 every Interactive Data File required to be submitted 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 such files).

YES NO

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

filer”, “smaller reporting company”, and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer Accelerated Filer  
Non-Accelerated Filer Smaller Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES  
NO

Common Shares outstanding as of January 30, 2019

Class A Common Shares	6,181,987
Class B Common Shares	710,238



THE L. S. STARRETT COMPANY

CONTENTS

	Page No.
Part I. Financial Information:	
Item 1. Financial Statements	
Consolidated Balance Sheets – December 31, 2018 (unaudited) and June 30, 2018	3
Consolidated Statements of Operations – three and six months ended December 31, 2018 and December 31, 2017 (unaudited)	4
Consolidated Statements of Comprehensive Income (Loss) – three and six months ended December 31, 2018 and December 31, 2017 (unaudited)	5
Consolidated Statements of Stockholders' Equity – six months ended December 31, 2018 (unaudited)	6
Consolidated Statements of Cash Flows - six months ended December 31, 2018 and December 31, 2017 (unaudited)	7
Notes to Unaudited Consolidated Financial Statements	8-17
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	17-20
Item 3. Quantitative and Qualitative Disclosures About Market Risk	20
Item 4. Controls and Procedures	20
Part II. Other Information:	
Item 1A. Risk Factors	21
Item 6. Exhibits	22
SIGNATURES	23



**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS**

## THE L. S. STARRETT COMPANY

## Consolidated Balance Sheets

(in thousands except share data)

	12/31/2018	06/30/2018
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 13,427	\$ 14,827
Accounts receivable (less allowance for doubtful accounts of \$1,085 and \$1,277, respectively)	31,585	33,089
Inventories	60,702	58,039
Prepaid expenses and other current assets	8,590	7,273
Total current assets	114,304	113,228
Property, plant and equipment, net	35,390	36,514
Taxes receivable	1,756	1,820
Deferred tax assets, net	16,151	16,739
Intangible assets, net	8,800	9,317
Goodwill	4,668	4,668
Total assets	\$ 181,069	\$ 182,286
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of debt	\$ 2,994	\$ 3,655
Accounts payable	11,996	9,836
Accrued expenses	6,559	7,533
Accrued compensation	4,661	5,163
Total current liabilities	26,210	26,187
Other tax obligations	2,809	2,751
Long-term debt, net of current portion	17,434	17,307
Postretirement benefit and pension obligations	44,119	46,499

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Other non-current liabilities	1,711	1,671
Total liabilities	92,283	94,415
Stockholders' equity:		
Class A Common stock \$1 par (20,000,000 shares authorized; 6,181,987 outstanding at December 31, 2018 and 6,302,356 outstanding at June 30, 2018)	6,182	6,302
Class B Common stock \$1 par (10,000,000 shares authorized; 710,238 outstanding at December 31, 2018 and 720,447 outstanding at June 30, 2018)	710	720
Additional paid-in capital	55,051	55,641
Retained earnings	76,918	74,368
Accumulated other comprehensive loss	(50,075 )	(49,160 )
Total stockholders' equity	88,786	87,871
Total liabilities and stockholders' equity	\$ 181,069	\$ 182,286

See Notes to Unaudited Consolidated Financial Statements



## THE L. S. STARRETT COMPANY

## Consolidated Statements of Operations

(in thousands except per share data) (unaudited)

	3 Months Ended		6 Months Ended	
	12/31/2018	12/31/2017	12/31/2018	12/31/2017
Net sales	\$56,532	\$ 52,124	\$108,433	\$ 103,942
Cost of goods sold	38,111	36,194	73,480	71,473
Gross margin	18,421	15,930	34,953	32,469
% of Net sales	32.6 %	30.6 %	32.2 %	31.2 %
Selling, general and administrative expenses	15,141	15,486	30,905	31,576
Operating income (loss)	3,280	444	4,048	