

Omega Flex, Inc.
Form 10-Q
August 07, 2017

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 **June 30, 2017**

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 **000-51372**

Omega Flex, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of
incorporation or organization)

23-1948942

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

451 Creamery Way, Exton, PA

(Address of principal executive offices)

19341

(Zip Code)

(610) 524-7272

Registrant's telephone number, including area code

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, non-accelerated filer, or a smaller reporting company filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange. (Check one):

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

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS

DURING THE PRECEDING FIVE YEARS.

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Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 12 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the courts.

The number of shares of the registrant's common stock outstanding as of June 30, 2017 was 10,091,822.

OMEGA FLEX, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE SIX MONTHS ENDED JUNE 30, 2017

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PART I - FINANCIAL INFORMATION**Item 1 - Financial Statements****OMEGA FLEX, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	June 30, 2017 (unaudited)	December 31, 2016 (unaudited)
	(Dollars in thousands)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$28,568	\$ 35,318
Accounts Receivable - less allowances of \$839 and \$926, respectively	15,128	15,005
Inventories-Net	8,474	7,372
Other Current Assets	1,384	1,981
Total Current Assets	53,554	59,676
Property and Equipment-Net	7,036	4,402
Goodwill-Net	3,526	3,526
Deferred Taxes	361	19
Other Long Term Assets	2,988	2,939
Total Assets	\$67,465	\$ 70,562
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$2,110	\$ 2,311
Accrued Compensation	2,237	4,319
Accrued Commissions and Sales Incentives	3,441	3,700
Dividends Payable	2,220	8,578
Taxes Payable	501	487
Other Liabilities	3,950	3,340
Total Current Liabilities	14,459	22,735
Deferred Taxes	-	145
Other Long Term Liabilities	1,473	1,621

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Total Liabilities	15,932	24,501
Commitments and Contingencies (Note 5)		
Shareholders' Equity:		
Omega Flex, Inc. Shareholders' Equity:		
Common Stock – par value \$0.01 Shares: authorized 20,000,000, issued 10,153,633 and outstanding 10,091,822 at both June 30, 2017 and December 31, 2016	102	102
Treasury Stock	(1)	(1)
Paid-in Capital	10,808	10,808
Retained Earnings	41,407	36,455
Accumulated Other Comprehensive Loss	(1,283)	(1,685)
Total Omega Flex, Inc. Shareholders' Equity	51,033	45,679
Noncontrolling Interest	500	382
Total Shareholders' Equity	51,533	46,061
Total Liabilities and Shareholders' Equity	\$67,465	\$ 70,562

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(unaudited)**

	For the three-months ended June 30,		For the six-months ended June 30,	
	2017	2016	2017	2016
	(Amounts in Thousands, except earnings per Common Share)			
Net Sales	\$23,805	\$23,840	\$49,412	\$44,466
Cost of Goods Sold	9,663	9,151	19,934	17,285
Gross Profit	14,142	14,689	29,478	27,181
Selling Expense	4,046	3,900	8,352	7,753
General and Administrative Expense	4,799	4,317	8,817	8,223
Engineering Expense	862	779	1,670	1,491
Operating Profit	4,435	5,693	10,639	9,714
Interest Income	25	20	49	40
Other Income (Expense)	18	(132)	(22)	(178)
Income Before Income Taxes	4,478	5,581	10,666	9,576
Income Tax Expense	1,394	1,824	3,399	3,132
Net Income	3,084	3,757	7,267	6,444
Less: Net Income attributable to the Noncontrolling Interest	(50)	(44)	(95)	(88)
Net Income attributable to Omega Flex, Inc.	\$3,034	\$3,713	\$7,172	\$6,356
Basic and Diluted Earnings per Common Share	\$0.30	\$0.37	\$0.71	\$0.63
Cash Dividends Declared per Common Share	\$0.22	\$0.00	\$0.22	\$0.00
Basic and Diluted Weighted-Average Shares Outstanding	10,092	10,092	10,092	10,092

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(unaudited)**

	For the three-months ended June 30, 2017		For the six-months ended June 30, 2016	
	(Amounts in Thousands)		(Amounts in Thousands)	
Net Income	\$3,084	\$3,757	\$7,267	\$6,444
Other Comprehensive Income, Net of Tax:				
Foreign Currency Translation Adjustment, Net of Tax	290	(492)	425	(614)
Other Comprehensive Income, Net of Tax	290	(492)	425	(614)
Comprehensive Income	3,374	3,265	7,692	5,830
Less: Comprehensive Income Attributable to the Noncontrolling Interest	(66)	(18)	(118)	(54)
Total Comprehensive Income	\$3,308	\$3,247	\$7,574	\$5,776

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.**CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY****(Amounts in Thousands)**

	Common Stock Outstanding	Common Stock	Treasury Stock	Paid In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest	Shareholders' Equity
Balance - December 31, 2016	10,091,822	\$ 102	\$ (1)	\$10,808	\$36,455	\$ (1,685)	\$ 382	\$ 46,061
Net Income					7,172		95	7,267
Cumulative Translation Adjustment						402	23	425
Dividends Declared					(2,220)			(2,220)
Balance - June 30, 2017	10,091,822	\$ 102	\$ (1)	\$10,808	\$41,407	\$ (1,283)	\$ 500	\$ 51,533

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)**

	For the six-months ended June 30,	
	2017	2016
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Net Income	\$7,267	\$6,444
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Non-Cash Compensation Expense	468	296
Depreciation and Amortization	230	244
Provision for Losses on Accounts Receivable	(87)	(93)
Provision for Inventory Reserves	66	(75)
Deferred Taxes	(486)	(315)
Changes in Assets and Liabilities:		
Accounts Receivable	79	1,930
Inventories	(1,104)	1,061
Other Assets	556	