

NEOGEN CORP
Form 10-Q
December 30, 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, 2011.

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 Leshier 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, 2011, there were 23,526,643 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, 2011 <i>(In thousands, except share and per share amounts)</i> (Unaudited)	May 31, 2011 <i>(In thousands, except share and per share amounts)</i> (Audited)
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 36,972	\$ 35,844
Marketable securities	18,634	20,239
Accounts receivable, less allowance of \$800 and \$800	31,869	28,634
Inventories	36,425	31,994
Deferred income taxes	1,044	1,044
Prepaid expenses and other current assets	5,474	4,747
TOTAL CURRENT ASSETS	130,418	122,502
NET PROPERTY AND EQUIPMENT	28,888	22,340
OTHER ASSETS		
Goodwill	51,634	51,584
Other non-amortizable intangible assets	5,166	5,166
Customer based intangibles, net of accumulated amortization of \$6,241 and \$5,431	11,196	12,006
Other non-current assets, net of accumulated amortization of \$3,152 and \$2,789	7,016	6,064
	75,012	74,820
TOTAL ASSETS	\$ 234,318	\$ 219,662
<u>LIABILITIES AND EQUITY</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 9,611	\$ 8,516
Accrued compensation	2,536	2,715
Income taxes	1,588	0
Other accruals	4,674	6,566
TOTAL CURRENT LIABILITIES	18,409	17,797
DEFERRED INCOME TAXES	8,347	8,347
OTHER LONG-TERM LIABILITIES	4,436	4,540
	12,783	12,887
TOTAL LIABILITIES	31,192	30,684

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EQUITY		
Preferred stock, \$1.00 par value, 100,000 shares authorized, none issued and outstanding	0	0
Common stock, \$.16 par value, 60,000,000 shares authorized, 23,526,643 and 23,290,604 shares issued and outstanding at November 30, 2011 and May 31, 2011, respectively	3,764	3,727
Additional paid-in capital	84,794	81,248
Accumulated other comprehensive loss	(1,070)	(394)
Retained earnings	115,312	104,064
Total Neogen Corporation Stockholders Equity	202,800	188,645
Noncontrolling interest	326	333
TOTAL EQUITY	203,126	188,978
TOTAL LIABILITIES AND EQUITY	\$ 234,318	\$ 219,662

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	
	2011	2010	2011	2010
	<i>(In thousands, except per share amounts)</i>			
Net sales	\$ 44,891	\$ 43,931	\$ 90,588	\$ 86,853
Cost of goods sold	22,234	21,443	44,954	41,598
GROSS MARGIN	22,657	22,488	45,634	45,255
OPERATING EXPENSES				
Sales and marketing	8,631	7,504	16,734	15,016
General and administrative	4,173	3,714	8,185	7,576
Research and development	1,710	1,641	3,221	3,438
	14,514	12,859	28,140	26,030
OPERATING INCOME	8,143	9,629	17,494	19,225
OTHER INCOME (EXPENSE)				
Interest income	26	28	48	57
Change in purchase consideration		(100)		(400)
Other income (expense)	(32)	(47)	(101)	(147)
	(6)	(119)	(53)	(490)
INCOME BEFORE INCOME TAXES	8,137	9,510	17,441	18,735
INCOME TAXES	2,900	3,400	6,200	6,800
NET INCOME	5,237	6,110	\$ 11,241	\$ 11,935
NET INCOME PER SHARE				
Basic	\$ 0.22	\$ 0.27	\$ 0.48	\$ 0.52
Diluted	\$ 0.22	\$ 0.26	\$ 0.47	\$ 0.51

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	Retained Earnings	Noncontrolling Interest	Total
	Shares	Amount		Other Comprehensive Income (Loss) <i>(In thousands)</i>			
Balance, June 1, 2011	23,291	\$ 3,727	\$ 81,248	\$ (394)	\$ 104,064	\$ 333	\$ 188,978
Issuance of shares of common stock under equity compensation plans, and share based compensation, including \$1,364 of excess income tax benefit	229	36	3,325				3,361
Issuance of shares under employee stock purchase plan	6	1	221				222
Comprehensive income:							
Net income (loss) for the six months ended November 30, 2011					11,248	(7)	11,241
Foreign currency translation adjustments				(676)			(676)
Total comprehensive income (\$12,794 in the six months ended November 30, 2010)							10,565