

ANGIODYNAMICS INC  
Form 10-Q  
April 12, 2007  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 10-Q**

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**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 3, 2007

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 0-50761

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**AngioDynamics, Inc.**

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction of  
incorporation or organization)

11-3146460  
(I.R.S. Employer  
Identification No.)

603 Queensbury Ave., Queensbury, New York

12804

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(Address of principal executive offices)

(518) 798-1215

(Zip Code)

Registrant's telephone number, including area code

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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 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. Check one:

Large accelerated filer  Accelerated filer  Non-accelerated filer

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 April 4, 2007, there were 23,930,686 shares of the issuer's common stock outstanding.

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**Angio Dynamics, Inc. and Subsidiaries**

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AngioDynamics, Inc. and Subsidiaries

**CONSOLIDATED BALANCE SHEETS**

(in thousands)

	<b>March 3, 2007 (unaudited)</b>	<b>June 3, 2006 (audited)</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 38,052	\$ 64,042
Restricted cash	3,416	
Marketable securities, at fair value	28,977	25,710
Accounts receivable trade, net of allowance for doubtful accounts of \$1,100 and \$430, respectively	18,929	13,486
Inventories, net	27,328	15,968
Deferred income taxes	1,246	822
Prepaid expenses and other	3,271	2,128
<b>Total current assets</b>	<b>121,219</b>	<b>122,156</b>
PROPERTY, PLANT AND EQUIPMENT - AT COST, less accumulated depreciation and amortization	14,369	10,802
DEFERRED INCOME TAXES	14,915	386
INTANGIBLE ASSETS, less accumulated amortization of \$1,905 and \$1,203, respectively	50,795	3,565
GOODWILL	169,626	
NON-REFUNDABLE DEPOSIT	5,139	
OTHER ASSETS	1,217	91
<b>TOTAL ASSETS</b>	<b>\$ 377,280</b>	<b>\$ 137,000</b>

The accompanying notes are an integral part of these consolidated financial statements.

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AngioDynamics, Inc. and Subsidiaries

**CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share data)

	March 3, 2007 (unaudited)	June 3, 2006 (audited)
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,848	\$ 5,791
Accrued liabilities	8,283	4,836
Income taxes payable	283	
Current portion of long-term debt	300	180
<b>Total current liabilities</b>	<b>15,714</b>	<b>10,807</b>
LONG-TERM DEBT, net of current portion	17,200	2,755
<b>OTHER LONG-TERM LIABILITIES</b>	<b>13,100</b>	
<b>Total liabilities</b>	<b>46,014</b>	<b>13,562</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS EQUITY</b>		
Preferred stock, par value \$.01 per share - 5,000,000 shares authorized; no shares issued and outstanding		
Common stock, par value \$.01 per share - 45,000,000 shares authorized; issued and outstanding 23,908,298 shares at March 3, 2007 and 15,469,431 shares at June 3, 2006	239	155
Additional paid-in capital	340,046	120,219
(Accumulated deficit) retained earnings	(8,907)	3,146
Accumulated other comprehensive loss	(112)	(82)
<b>Total stockholders equity</b>	<b>331,266</b>	<b>123,438</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS EQUITY</b>	<b>\$ 377,280</b>	<b>\$ 137,000</b>

The accompanying notes are an integral part of these consolidated financial statements.

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AngioDynamics, Inc. and Subsidiaries

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(unaudited)

(in thousands, except per share data)

	Thirteen weeks ended		Thirty-nine weeks ended	
	March 3,	February 25,	March 3,	February 25,
	2007	2006	2007	2006
Net sales	\$ 26,738	\$ 19,785	\$ 71,372	\$ 54,859
Cost of goods sold	10,789	8,237	29,253	22,945
<b>Gross profit</b>	<b>15,949</b>	<b>11,548</b>	<b>42,119</b>	<b>31,914</b>
Operating expenses				
Selling and marketing	8,048	5,294	20,467	15,021
General and administrative	13,737	1,919	19,397	5,181
Research and development	14,248	1,446	17,512	4,510
Total operating expenses	36,033	8,659	57,376	24,712
Operating (loss) profit	(20,084)	2,889	(15,257)	7,202
Other income (expenses)				
Interest income	1,149	219	3,227	549
Interest expense	(128)	(33)	(191)	(103)
Other income	24	38	227	149
(Loss) income before income tax provision	(19,039)	3,113	(11,994)	7,797
Income tax (benefit) provision	(2,634)	1,233	59	2,969
<b>NET (LOSS) INCOME</b>	<b>\$ (16,405)</b>	<b>\$ 1,880</b>	<b>\$ (12,053)</b>	<b>\$ 4,828</b>
(Loss) earnings per common share				
Basic	\$ (0.88)	\$ .15	\$ (0.73)	\$ .39
Diluted	\$ (0.88)	\$ .14	\$ (0.73)	\$ .37

The accompanying notes are an integral part of these consolidated financial statements.

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AngioDynamics, Inc. and Subsidiaries

**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE LOSS**

Thirty-nine weeks ended March 3, 2007

(unaudited)

(in thousands, except share data)

	Common stock		Additional paid-in capital	Retained earnings (Accumulated deficit)	Accumulated other comprehensive loss	Total	Comprehensive loss
	Shares	Amount					
Balance at June 3, 2006	15,469,431	\$ 155	\$ 120,219	\$ 3,146	\$ (82)	\$ 123,438	
Net loss				(12,053)		(12,053)	\$ (12,053)
Issuance of common stock in acquisition	7,891,715	79	209,018			209,097	
Exercise of stock options	515,260	5	3,549			3,554	
Tax benefit on exercise of stock options			2,292			2,292	
Issuance of performance shares	8,437		214			214	
Purchases of common stock under Employee Stock Purchase Plan	23,455		357			357	
Stock-based compensation			2,430			2,430	
Implementation of FAS 123R			158			158	
Fair value of conversion feature on convertible debt			1,809			1,809	
Unrealized gain on marketable securities, net of tax of \$22					38	38	38
Unrealized loss on interest rate swap, net of tax of \$40					(68)	(68)	(68)
<b>Comprehensive loss</b>							<b>\$ (12,083)</b>
Balance at March 3, 2007	23,908,298	\$ 239	\$ 340,046	\$ (8,907)	\$ (112)	\$ 331,266	

The accompanying notes are an integral part of these consolidated financial statements.

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AngioDynamics, Inc. and Subsidiaries

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unaudited)

(in thousands)

	<b>Thirty-nine weeks ended</b>	
	<b>March 3,</b>	<b>February 25,</b>
	<b>2007</b>	<b>2006</b>
Cash flows from operating activities:		
Net (loss) income	\$ (12,053)	\$ 4,828
Adjustments to reconcile net (loss) income to net cash provided by operating activities		
Depreciation and amortization	1,750	756
Amortization of bond discounts and premiums	(211)	
Purchased research and development expense	12,100	
Tax benefit on exercise of stock options	611	1,339
Gain on sale of marketable securities	(8)	(149)
Deferred income taxes	(4,395)	(64)
Provision for doubtful accounts	290	85
Stock-based compensation	2,430	321
Changes in operating assets and liabilities		
Accounts receivable	1,003	(2,338)
Inventories	(4,734)	(2,873)
Prepaid expenses and other assets	52	430
Accounts payable and accrued liabilities	(3,281)	1,905
Other long-term liabilities	9,600	
Income taxes payable	283	496