

ALPHA PRO TECH LTD  
Form 10-Q  
October 24, 2014  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

---

FORM 10-Q

---

Quarterly Report pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

For the Quarterly Period Ended September 30, 2014

Commission File No. 01-15725

Alpha Pro Tech, Ltd.

(exact name of registrant as specified in its charter)

Delaware, U.S.A. 63-1009183  
(State or other jurisdiction of incorporation) (I.R.S. Employer Identification No.)

60 Centurian Drive, Suite 112  
Markham, Ontario, Canada L3R 9R2  
(Address of principal executive offices) (Zip Code)

Edgar Filing: ALPHA PRO TECH LTD - Form 10-Q

Registrant's telephone number, including area code: (905) 479-0654

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, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding October 17, 2014
Common Stock, \$0.01 par value	18,298,009 shares

**Alpha Pro Tech, Ltd.**

Index

PART I. FINANCIAL INFORMATION	1
ITEM 1. Financial Statements	1
Condensed Consolidated Balance Sheets (Unaudited)	1
Condensed Consolidated Statements of Income (Unaudited)	2
Condensed Consolidated Statements of Comprehensive Income (Unaudited)	3
Condensed Consolidated Statement of Shareholders' Equity (Unaudited)	4
Condensed Consolidated Statements of Cash Flows (Unaudited)	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
ITEM 3. Quantitative and Qualitative Disclosures about Market Risk	19
ITEM 4. Controls and Procedures	19
PART II. OTHER INFORMATION	20
ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds	20
ITEM 6. Exhibits	21
SIGNATURES	22
EXHIBITS	

---

**Alpha Pro Tech, Ltd.****PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****Condensed Consolidated Balance Sheets (Unaudited)**


---

	<b>September 30, 2014</b>	<b>December 31, 2013 (1)</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$7,053,000	\$8,215,000
Investments	2,426,000	1,606,000
Accounts receivable, net of allowance for doubtful accounts of \$82,000 and \$85,000 as of September 30, 2014 and December 31, 2013, respectively	6,148,000	5,071,000
Inventories	13,671,000	14,140,000
Prepaid expenses	4,115,000	2,968,000
Deferred income tax assets	577,000	640,000
Total current assets	33,990,000	32,640,000
Property and equipment, net	3,415,000	3,068,000
Goodwill	55,000	55,000
Definite-lived intangible assets, net	75,000	92,000
Equity investment in unconsolidated affiliate	2,924,000	2,708,000
Total assets	\$40,459,000	\$38,563,000
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$1,250,000	\$689,000
Accrued liabilities	915,000	1,036,000
Total current liabilities	2,165,000	1,725,000
Deferred income tax liabilities	1,624,000	1,257,000
Total liabilities	3,789,000	2,982,000
Shareholders' equity:		

Edgar Filing: ALPHA PRO TECH LTD - Form 10-Q

Common stock, \$.01 par value: 50,000,000 shares authorized; 18,213,009 and 18,878,109 shares outstanding as of September 30, 2014 and December 31, 2013, respectively	182,000	189,000
Additional paid-in capital	17,477,000	18,994,000
Accumulated other comprehensive income	1,108,000	625,000
Retained earnings	17,903,000	15,773,000
Total shareholders' equity	36,670,000	35,581,000
Total liabilities and shareholders' equity	\$40,459,000	\$38,563,000

(1) The condensed consolidated balance sheet as of December 31, 2013 has been prepared using information from the audited consolidated balance sheet as of that date.

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

**Alpha Pro Tech, Ltd.****Condensed Consolidated Statements of Income (Unaudited)**

---

	<b>For the Three Months Ended September 30,</b>		<b>For the Nine Months Ended September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
Net sales	\$13,213,000	\$12,692,000	\$35,421,000	\$33,298,000
Cost of goods sold, excluding depreciation and amortization	8,327,000	8,113,000	22,416,000	20,999,000
Gross profit	4,886,000	4,579,000	13,005,000	12,299,000
Operating expenses:				
Selling, general and administrative	3,288,000	3,190,000	9,958,000	9,885,000
Depreciation and amortization	198,000	178,000	562,000	534,000
Total operating expenses	3,486,000	3,368,000	10,520,000	10,419,000
Income from operations	1,400,000			