

ACETO CORP
Form 10-Q
May 09, 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 March 31, 2014
Commission file number 000-04217

ACETO CORPORATION

(Exact name of registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

11-1720520
(I.R.S. Employer Identification
Number)

4 Tri Harbor Court, Port Washington, NY 11050
(Address of principal executive offices)

(516) 627-6000
(Registrant's telephone number, including area code)

www.aceto.com
(Registrant's website address)

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 x No o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 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 x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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

The registrant had 28,729,830 shares of common stock outstanding as of May 5, 2014.

ACETO CORPORATION AND SUBSIDIARIES
 QUARTERLY REPORT FOR THE PERIOD ENDED MARCH 31, 2014

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ACETO CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except per-share amounts)

	March 31, 2014 (unaudited)	June 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$34,383	\$33,231
Investments	1,744	2,144
Trade receivables, less allowance for doubtful accounts (March 31, 2014, \$1,413; June 30, 2013, \$1,294)	100,624	90,108
Other receivables	5,987	5,283
Inventory	99,545	83,849
Prepaid expenses and other current assets	3,694	2,984
Deferred income tax asset, net	932	701
Total current assets	246,909	218,300
Property and equipment, net	11,151	11,410
Property held for sale	4,058	4,058
Goodwill	33,804	33,526
Intangible assets, net	37,621	40,831
Deferred income tax asset, net	8,061	8,055
Other assets	8,258	7,250
TOTAL ASSETS	\$349,862	\$323,430
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	\$9,447	\$11,714
Accounts payable	48,278	39,222
Accrued expenses	42,396	38,971
Total current liabilities	100,121	89,907
Long-term debt	12,957	20,355
Long-term liabilities	9,406	13,413
Environmental remediation liability	3,965	5,109
Deferred income tax liability	6	6
Total liabilities	126,455	128,790
Commitments and contingencies (Note 7)		
Shareholders' equity:	285	278

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Common stock, \$.01 par value, 40,000 shares authorized; 28,453 and 27,831 shares issued and outstanding at March 31, 2014 and June 30, 2013, respectively

Capital in excess of par value	80,079	72,845
Retained earnings	136,951	118,615
Accumulated other comprehensive income	6,092	2,902
Total shareholders' equity	223,407	194,640
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$349,862	\$323,430

See accompanying notes to condensed consolidated financial statements and accountants' review report.

ACETO CORPORATION AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (unaudited and in thousands, except per-share amounts)

	Nine Months Ended March 31,	
	2014	2013
Net sales	\$370,599	\$376,575
Cost of sales	284,918	302,835
Gross profit	85,681	73,740
Selling, general and administrative expenses	47,212	45,767
Research and development expenses	3,232	2,002
Operating income	35,237	25,971
Other income (expense):		
Interest expense	(1,200)	(1,570)
Interest and other income, net		