

KMG CHEMICALS INC
Form 10-Q
June 05, 2007

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 April 30, 2007

or

o 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: 000-29278

KMG CHEMICALS, INC.

(Exact name of registrant as specified in its charter)

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Texas

(State or other jurisdiction of incorporation or organization)

75-2640529

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

10611 Harwin Drive, Suite 402

Houston, Texas

(Address of principal executive offices)

77036

(Zip Code)

(713) 600-3800

(Registrant's telephone number, including area code)

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(Former name, former address and former fiscal year, if changed since last report)

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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 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

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, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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As of June 4, 2007, there were 10,581,031 shares of the registrant's common stock outstanding, excluding treasury shares.

Part I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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KMG CHEMICALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands except for share and per share data)

	April 30, 2007 Unaudited	July 31, 2006
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,727	\$ 11,168
Accounts receivable:		
Trade, net of allowances of \$55 at April 30, 2007 and \$35 at July 31, 2006	16,303	8,832
Other	287	264
Inventories	15,713	9,971
Current deferred tax asset	77	57
Prepaid expenses and other current assets	450	712
Total current assets	40,557	31,004
PROPERTY, PLANT AND EQUIPMENT		
Property, plant and equipment	13,892	13,463
Accumulated depreciation and amortization	(5,094)	(4,314)
Net property, plant and equipment	8,798	9,149
DEFERRED TAX ASSET	1,443	656
GOODWILL	3,778	3,778
INTANGIBLE ASSETS, net of accumulated amortization	24,387	26,448
OTHER ASSETS	1,623	1,667
TOTAL	\$ 80,586	\$ 72,702
LIABILITIES & STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 6,652	\$ 5,950
Accrued liabilities	3,706	1,649
Current deferred tax liability	33	33
Current portion of long-term debt	3,717	3,663
Current portion of deferred rent	86	86
Total current liabilities	14,194	11,381
LONG-TERM DEBT, net of current portion	12,685	13,981
DEFERRED RENT, net of current portion	70	134
OTHER LONG-TERM LIABILITIES	345	288
Total liabilities	27,294	25,784
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued		
Common stock, \$.01 par value, 40,000,000 shares authorized, 10,677,119 shares issued and 10,554,631 shares outstanding at April 30, 2007 and 10,677,119 shares issued and 10,532,856 shares outstanding at July 31, 2006	107	107
Additional paid-in capital	20,395	20,117
Treasury stock, at cost (122,488 shares at April 30, 2007 and 144,263 shares at July 31, 2006)	(612)	(721)
Accumulated other comprehensive income	24	53
Retained earnings	33,378	27,362
Total stockholders equity	53,292	46,918
TOTAL	\$ 80,586	\$ 72,702

See notes to condensed consolidated financial statements.

KMG CHEMICALS, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

(in thousands except for per share data)

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2007	2006	2007	2006
NET SALES	\$ 28,036	\$ 21,016	\$ 64,744	\$ 50,934
COST OF SALES	17,723	14,142	41,592	33,476
Gross Profit	10,313	6,874	23,152	17,458
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	4,176	3,640	12,062	11,619
Operating income	6,137	3,234	11,090	5,839