

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
SEC Accession No. **0000025793-95-000009**

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CROSS A T CO

CIK: **25793** | IRS No.: **050126220** | State of Incorporation: **RI** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-06720** | Film No.: **95535960**
SIC: **3950** Pens, pencils & other artists' materials

Mailing Address
*ONE ALBION ROAD
50 KENNEDY PLAZA
LINCOLN RI 02865*

Business Address
*ONE ALBION RD
LINCOLN RI 02865
4013331200*

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the quarterly period ended March 31, 1995

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES ACT
OF 1934 [NO FEE REQUIRED]

For the transition period from _____ to _____

Commission File No. 1-6720

A. T. CROSS COMPANY
(Exact name of registrant as specified in its charter)

Rhode Island 05-0126220
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

One Albion Road, Lincoln, Rhode Island 02865
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (401) 333-1200

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, and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Indicate the number of shares outstanding of each of the issuer's classes
of common stock as of March 31, 1995:

Class A common stock - 14,725,302 shares

PART I. FINANCIAL INFORMATION

A. T. CROSS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31		December 31
	1995	1994	1994
ASSETS	(Thousands of Dollars)		
CURRENT ASSETS			
Cash and Cash Equivalents	\$ 13,645	\$ 73,906	\$ 15,690
Short-Term Investments	60,924	7,882	56,331
Accounts Receivable	21,877	22,197	37,436
Inventories - Note B	22,234	22,601	16,725
Other Current Assets	6,975	3,287	4,545
Total Current Assets	125,655	129,873	130,727
PROPERTY, PLANT AND EQUIPMENT	87,070	78,346	84,979
Less Allowances for Depreciation	52,903	46,998	51,029
	34,167	31,348	33,950
INTANGIBLES AND OTHER ASSETS	15,671	16,745	15,692
	\$175,493	\$177,966	\$180,369
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts Payable, Accrued Expenses and Other Liabilities	\$ 23,360	\$ 21,590	\$ 26,599
Compensation and Related Taxes	4,831	5,500	5,158
Cash Dividends Payable	0	0	2,644
Contributions Payable to Employee Benefit Plans	8,310	8,584	8,055
Income Taxes Payable	2,773	884	4,302
Total Current Liabilities	39,274	36,558	46,758
ACCRUED WARRANTY COSTS	4,984	4,684	4,909
SHAREHOLDERS' EQUITY			
Common Stock, Par Value \$1 Per Share:			
Class A, Authorized 40,000,000 Shares;			
15,200,302 Shares Issued and 14,725,302			
Outstanding in 1995, 15,179,467 Shares			
Issued and Outstanding in March 1994, and			
15,194,293 Shares Issued and 14,719,293			
Outstanding in December 1994	15,200	15,179	15,194
Class B, Authorized 4,000,000 Shares;			
Issued and Outstanding 1,804,800 Shares	1,805	1,805	1,805
Capital in Excess of Par Value	10,798	10,138	10,722
Retained Earnings	109,513	109,523	107,959
Accumulated Foreign Currency Translation Adjustment	1,225	79	328
	138,541	136,724	136,008

Treasury Stock, at Cost	(7,306)	-	(7,306)
Total Shareholders' Equity	131,235	136,724	128,702
	\$175,493	\$177,966	\$180,369

See notes to condensed consolidated financial statements.

A. T. CROSS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	THREE MONTHS ENDED	
	MARCH 31	
	1995	1994
	(Thousands of Dollars Except per Share Data)	
Net Sales	\$35,407	\$35,193
Cost of Goods Sold	17,810	18,507
	17,597	16,686
Selling, General and Administrative Expenses	14,453	13,296
Service and Distribution Costs	1,021	1,105
Research and Development Expenses	628	468
Operating Income	1,495	1,817
Interest and Other Income	991	587
Income Before Income Taxes	2,486	2,404
Income Taxes	932	1,043
Net Income	\$ 1,554	\$ 1,361
Net Income Per Share - Note C	\$0.09	\$ 0.08

See notes to condensed consolidated financial statements.

A. T. CROSS COMPANY AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED
MARCH 31
1995 1994

(Thousands of Dollars)

Cash Provided By (Used In):

Operating Activities:

Net Cash Provided By Operating Activities	\$ 7,104	\$ 14,157
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Investing Activities:

Additions to Property, Plant and Equipment	(2,088)	(863)
Additional Acquisition Payment	-	(69)
Purchase of Short-Term Investments	(4,856)	(3,077)
Sale or Maturity of Short-Term Investments	263	13,508
Net Cash Provided By (Used In) Investing Activities	(6,681)	9,499

Financing Activities:

Cash Dividends Paid	(2,644)	(2,709)
Other	83	62
Net Cash Used in Financing Activities	(2,561)	(2,647)

Effect of Exchange Rate Changes on

Cash and Cash Equivalents	93	75
Increase (Decrease) in Cash and Cash Equivalents	(2,045)	21,084
Cash and Cash Equivalents at Beginning of Period	15,690	52,822
Cash and Cash Equivalents at End of Period	\$13,645	\$73,906

See notes to condensed consolidated financial statements.

A. T. CROSS COMPANY AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 1995

NOTE A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 1995 are not necessarily indicative of the results that may be expected for the year ending December 31, 1995. The Company typically records its highest sales and earnings in the fourth quarter. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 1994.

NOTE B - Inventories

The components of inventory at March 31, 1995 and December 31, 1994 were as follows:

	March 31 1995	December 31 1994
Finished goods	\$12,952	\$ 9,612
Work in process	4,465	2,832
Raw materials	4,817	4,281
	\$22,234	\$16,725

NOTE C - Net Income Per Share

Net income per share has been determined based upon the weighted average number of Class A and Class B common shares outstanding of 16,527,823 and 16,935,455 for the first quarter ended March 31, 1995 and 1994, respectively. Common stock equivalents related to outstanding stock options have not been included in the calculations of earnings per share because the result is not dilutive.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

Results of Operations

Net sales for the first quarter ended March 31, 1995 were essentially flat compared to the first quarter of 1994. Domestic writing instruments sales of \$14.8 million were 3.0% greater than last year, while foreign sales of \$16.9 million improved 2.7% over 1994. Domestic writing instrument sales were favorably affected by higher Townsend sales, the Company's wide-girth product line. This impact of Townsend sales was offset somewhat by a slow-down in orders from customers anticipating the introduction of the Company's new lower-priced Solo line which will begin sales in the second quarter. The increase in foreign sales was largely due to favorable exchange rates against the dollar. Leather sales of \$3.6 million were down 15.5% from last year due to the consolidation of major department store companies.

The gross profit margin for the first quarter of 1995 was 49.7%, as compared to 47.4% in 1994. The gross margin improvement was due in part to the price increase implemented on July 1, 1994 and to lower average costs this year as compared to the same period in 1994.

Selling, general and administrative expenses increased 8.7% to \$14.5 million in the first quarter of 1995 as a result of planned increases in Marketing support expenditures and the effect of the weaker U.S. dollar when translating foreign operations' expenses. Research and Development expenses were 34.2% higher than the first quarter of 1994 because of new product development projects. The Company expects an increase in R&D

expenditures in 1995 in excess of 50%.

Interest and other income rose 68.8% for the first three months of 1995 due to an increase in interest income as a result of higher interest rates.

The effective income tax rate for the first quarter of 1995 was 37.5% as compared to 43.4% for the first quarter of last year. The Company implemented a reorganization of certain of its European operations at the end of 1994 to lower its overall effective corporate income tax rate.

Liquidity and Sources of Capital

Cash, cash equivalents and short-term investments increased \$2.5 million from December 31, 1994 to \$74.6 million at March 31, 1995. Most of this increase, and the corresponding decrease in accounts receivable, resulted from cash collected in January 1995 from customers who took advantage of the 1994 promotion that allowed qualifying domestic customers to defer payments on their 1994 purchases. This promotion was similar to programs that have been offered in past years. Cash available for domestic operations approximated \$18.6 million while cash held off-shore approximated \$56.0 million. The Company has available a \$50 million line of credit with Fleet National Bank which provides an additional source of working capital on a short-term basis. The highest amount borrowed as of December 31, 1994 and March 31, 1995 was \$2.0 million.

The increase in inventory since December 31, 1994 is in support of a number of recent and forthcoming new product introductions.

PART II. OTHER INFORMATION

Item 6. No reports have been filed on Form 8-K pursuant to item 6(b) and no other items are applicable for three months ended March 31, 1995.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

A. T. CROSS COMPANY

Date: May 9, 1995

By: JOHN E. BUCKLEY
John E. Buckley
Executive Vice President
Chief Operating Officer

Date: May 9, 1995

By: MICHAEL EL-HILLOW

Michael El-Hillow
Vice President, Finance, Treasurer
Chief Financial Officer

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