

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-30**  
SEC Accession No. **0000950148-95-000321**

(HTML Version on [secdatabase.com](http://secdatabase.com))

FILER

**VIRCO MFG CORPORATION**

CIK: **751365** | IRS No.: **951613718** | State of Incorpor.: **DE** | Fiscal Year End: **0131**  
Type: **10-Q** | Act: **34** | File No.: **001-08777** | Film No.: **95546613**  
SIC: **2531** Public bldg & related furniture

Mailing Address  
*P O BOX 44846*  
*LOS ANGELES CA 90044*

Business Address  
*2027 HARPERS WAY*  
*TORRANCE CA 90501*  
*3105330474*

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

FORM 10-Q

For Quarter Ended April 30, 1995

Commission File Number 1-8777

VIRCO MFG. CORPORATION

-----  
(Exact Name of Registrant as Specified in its Charter)

Delaware

95-1613718

-----  
(State or other jurisdiction of  
incorporation or organization)

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

2027 Harpers Way, Torrance, CA

90501

-----  
(Address of principal executive offices)

-----  
(Zip Code)

Registrant's telephone number, including area code: (310) 533-0474

No change

-----  
Former name, former address and former fiscal year,  
if changed since last report.

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

---      ----

The number of shares outstanding of each of the issuer's classes of common stock, as of June 2, 1995.

Common Stock                      4,873,236 Shares\*

\* Adjusted for Stock Dividend declared August 16, 1994, date of record September 19, 1994, payable October 17, 1994.

VIRCO MFG. CORPORATION AND SUBSIDIARIES

INDEX

<TABLE>

<CAPTION>

Part I. Financial Information

<S>                      <C>

Item 1.                  Financial Statements (unaudited)

Condensed consolidated balance sheets - April 30, 1995 and January 31, 1995.

Condensed consolidated statements of income - Three months ended April 30, 1995 and 1994.

Condensed consolidated statements of cash flows - Three months ended April 30, 1995 and 1994.

Notes to condensed consolidated financial statements - April 30, 1995.

Item 2.                  Management's Discussion and Analysis of Financial Condition  
and Results of Operations

Part II. Other Information

Item 4.                  Submission of matters to a vote of Security Holders.

Item 6.                  Exhibits and Reports on Form 8-K

Signatures

PART 1

Item 1. Financial Statements

VIRCO MFG. CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS  
Unaudited (Note 1)

(Dollar Amounts in Thousands)

ASSETS	4/30/95	1/31/95
<S>	<C>	<C>
Current Assets		
Cash	\$ 161	\$ 585
Accounts and Notes Receivable	23,423	27,468
Less Allowance for Doubtful Accounts	(235)	(100)
Net Accounts and Notes Receivable	23,188	27,368
Income Taxes Receivable	1,271	-
Inventories (Note 2)		
Finished Goods	30,229	21,689
Work in Process	7,827	6,113
Raw Materials and Supplies	12,919	11,418
Total Inventories	50,975	39,220
Prepaid Expenses and Deferred Income Tax	4,163	2,659
Total Current Assets	79,758	69,832
Restricted Short-term Investment	3,689	8,937
Property, Plant & Equipment		
Cost	68,964	65,727
Less Accumulated Depreciation	(35,436)	(34,409)
Net Property, Plant & Equipment	33,528	31,318
Other Assets	4,864	4,921
	\$121,839	\$115,008

</TABLE>

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

VIRCO MFG. CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS  
Unaudited (Note 1)

(Dollar Amounts in Thousands)

<TABLE>

<CAPTION>

LIABILITIES AND SHAREHOLDERS' EQUITY	4/30/95	1/31/95
-----	-----	-----
<S>	<C>	<C>
Current Liabilities		
Checks Released But Not Yet Cleared Bank	\$ 3,744	\$ 2,898
Accounts Payable	12,029	11,768
Income Taxes Payable	-	1,372
Current Maturities on Long-Term Debt	873	874
Other Current Liabilities	10,014	10,140
	-----	-----
Total Current Liabilities	26,660	27,052
Non-current Liabilities		
Long Term Debt (Less Current Portion)	41,205	32,577
Other Non-Current Liabilities	4,851	4,851
	-----	-----
Total Non-Current Liabilities	46,056	37,428
Deferred Income Taxes	62	62
Shareholders' Equity		
Preferred Stock:		
Authorized 3,000,000 Shares, \$.01 Par Value; None Issued or Outstanding	-	-
Common Stock:		
Authorized 10,000,000 Shares, \$.01 Par Value; 4,903,625 Shares issued in 1995 and 4,460,604 in 1994	49	49
Additional Paid-In Capital	36,992	36,992
Retained Earnings	12,272	13,787
Less treasury stock at cost (30,389 Shares)	(234)	(234)
Loan to ESOP Trust	(18)	(128)
	-----	-----
Total Shareholders' Equity	49,061	50,466
	-----	-----
	\$121,839	\$115,008
	=====	=====

</TABLE>

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

5

VIRCO MFG. CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
Unaudited (Note 1)

(Dollar Amounts in Thousands)

<TABLE>

<CAPTION>

	3 Months Ended	
	4/30/95	4/30/94
	-----	-----
<S>	<C>	<C>
Net Sales	\$ 36,925	\$ 36,414
Cost of Goods Sold	27,468	27,863
	-----	-----
Gross Profit	9,457	8,551
Shipping, Selling, General and Administrative Expense	11,055	9,960
Provision for Doubtful Accounts	110	107
Interest Expense	776	497
	-----	-----
	11,941	10,564
	-----	-----
Income/(Loss) Before Taxes on Income	(2,484)	(2,013)
Taxes on Income/(Loss)	(969)	(785)

Net Income/(Loss)	\$ (1,515)	\$ (1,228)
Earnings/(Loss) Per Share	(.31)	(.25)
Weighted Average Shares Outstanding (Adjusted for 10% Stock Dividends Declared August 16, 1994)	4,919,611	4,903,723
Dividend Declared Cash (Per Share)	-	-
Stock	-	-

</TABLE>

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

6

VIRCO MFG. CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
Unaudited (Note 1)

<TABLE>  
<CAPTION>

(Dollar Amounts in Thousands)	3 Months Ended	
	4/30/95	4/30/94
<S>	<C>	<C>
Cash Flows From Operating Activities		
Net Income (Loss)	\$ (1,515)	\$ (1,228)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,044	907
Provision for doubtful accounts	100	97
(Gain)/Loss on sales of fixed assets	-	-
Change in assets and liabilities:		
Accounts and notes receivable	4,081	9,432
Inventories	(11,755)	(7,183)
Prepaid expenses and deposits	(1,504)	(136)
Income taxes receivable/payable	(2,643)	(2,399)
Other assets	882	42
Accounts payable and accrued expenses	135	257
Net Cash Provided By Operating Activities	(11,175)	(211)
Cash Flows From Investing Activities		
Capital expenditures	(3,254)	(1,193)
Proceeds from sale of assets	-	0
Net investment in life insurance	21	956
Restricted short term investments	5,248	-
Net Cash Used in Investing Activities	2,015	(237)
Cash Flows From Financing Activities		
Issuance of long-term debt	8,736	2,293
Repayment of long-term debt	(110)	(1,951)
Loans to ESOP	110	50

Net Cash Provided by Financing Activities	8,736	392
Net Change in Cash	(424)	(56)
Cash at Beginning of Quarter	585	383
Cash at End of Quarter	\$ 161	\$ 327

</TABLE>

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

7

VIRCO MFG. CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

April 30, 1995 and April 30, 1994

Note 1: 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 month period ended April 30, 1995 are not necessarily indicative of the results that may be expected for the year ended January 31, 1996. For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant Company and Subsidiaries' annual report on Form 10-K for the year ended January 31, 1995.

Note 2. Inventory

Year end financial statements reflect inventories verified by physical counts with the material content valued by the LIFO method. At this interim date, there has been no physical verification and the precise adjustment to LIFO values has not been calculated.

Note 3. Income Taxes

The Company adopted Statement of Financial Accounting Standards (SFAS) No 109 effective February 1, 1993. Income taxes for the three month period ended April 30, 1995 were computed using the effective tax rate estimated to be applicable for the full fiscal year, which is subject to ongoing review and evaluation by management.

8

PART II

VIRCO MFG. CORPORATION SUBSIDIARIES

Other Information

Item 4. Submission of matters to a vote of Security Holders

None

Item 6. Exhibits and Reports on Form 8-K

None

9

VIRCO MFG. CORPORATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations:

For the first quarter of 1995, the Company incurred a net loss from continuing operations of \$1,515,000 on sales of \$36,925,000 compared to a net loss from continuing operations of \$1,225,000 on sales of \$36,414,000 in the same period last year.

The first quarter results are consistent with Virco's seasonal business cycle which produces diminished first quarter sales. The increase in net loss is attributable to increases in sales, marketing, general and administrative expense, offset in part by decreases in manufacturing costs.

Previously announced plans to consolidate the Los Angeles operations into one manufacturing and distribution facility have been substantially completed. Los Angeles manufacturing operations were transferred to the new Torrance facility the end of the first quarter 1995. Western region distribution operations had previously been transferred to the new facility in the third quarter of 1994. The final work to be performed at the new facility consists of installing certain pieces of new equipment which are being delivered or installed in the second quarter of 1995. Negotiations to lease the vacated Los Angeles manufacturing plant have progressed but are not yet complete. The Company is continuing to assess the rest of its manufacturing and distribution facilities for opportunities to reduce costs and streamline operations.

Financial Condition:

As a result of seasonally low deliveries in the first quarter, accounts receivable decreased by approximately \$3,550,000. In anticipation of strong summer deliveries and to buffer against any disruptions in production resulting from moving the Los Angeles factory, inventory was increased by more than \$11,750,000. The increase in inventory was financed through the credit facility with Wells Fargo.

Proceeds from the issuance of an industrial revenue bond were held in trust and reflected as restricted short term investments on the January 31, 1995 balance sheet. The Company withdrew \$5,248,000 from the trust to fund capital improvements made at the new Torrance facility during the fourth quarter of 1994 and the first quarter of 1995. In addition, the capital spending at the Torrance facility was supplemented by leasing approximately \$450,000 of new equipment from GECC. The Company intends to lease an additional \$950,000 of equipment from GECC during the second quarter of 1995.

10

VIRCO MFG. CORPORATION AND SUBSIDIARIES

Exhibit (11) - Statement Re: Computation of Earnings Per Share

<TABLE>  
<CAPTION>

	Three Months Ended April 30	
	1995	1994
<S>	<C>	<C>
Primary:		
Average Shares Outstanding	4,873,236	4,873,236
Net effect of dilutive stock options - based on the treasury stock method using average market price.	46,375	30,487
Totals	4,919,611	4,903,723
Net Loss	(1,515,000)	(1,228,000)
Per Share Amount	(.31)	(25)

</TABLE>

Weighted average shares outstanding are adjusted for 10% stock dividend declared August 16, 1994.

11

VIRCO MFG. CORPORATION

SIGNATURES

Pursuant to the requirements 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.

VIRCO MFG. CORPORATION

<TABLE>

<S>	<C>
Date: 6/8/95	By: /s/ James R. Braam
-----	-----
	James R. Braam
	Vice President - Finance

Date: 6/6/95	By: /s/ Robert E. Dose
-----	-----
	Robert E. Dose
	Corporate Controller

</TABLE>



<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S CONSOLIDATED STATEMENTS OF INCOME, AND CONSOLIDATED BALANCE SHEETS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<S>	<C>
<PERIOD-TYPE>	3-MOS
<FISCAL-YEAR-END>	JAN-31-1996
<PERIOD-START>	FEB-01-1995
<PERIOD-END>	APR-30-1995
<CASH>	161,000
<SECURITIES>	0
<RECEIVABLES>	23,423,000
<ALLOWANCES>	(235,000)
<INVENTORY>	50,975,000
<CURRENT-ASSETS>	79,758,000
<PP&E>	68,964,000
<DEPRECIATION>	(35,436,000)
<TOTAL-ASSETS>	121,839,000
<CURRENT-LIABILITIES>	26,660,000
<BONDS>	0
<COMMON>	37,041
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	12,020
<TOTAL-LIABILITY-AND-EQUITY>	121,839,000
<SALES>	36,925,000
<TOTAL-REVENUES>	36,925,000
<CGS>	27,468,000
<TOTAL-COSTS>	27,468,000
<OTHER-EXPENSES>	11,941,000
<LOSS-PROVISION>	110,000
<INTEREST-EXPENSE>	776,000
<INCOME-PRETAX>	(2,484,000)
<INCOME-TAX>	(969,000)
<INCOME-CONTINUING>	(1,515,000)
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	(1,515,000)
<EPS-PRIMARY>	(.31)
<EPS-DILUTED>	0

</TABLE>