

TROY GROUP INC
Form 10-Q
October 10, 2003

**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**

For the quarterly period ended August 31, 2003.

**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: 000-24413

TROY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

33-0807798

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

**2331 South Pullman Street
Santa Ana, California**

(Address of principal executive offices)

92705

(Zip code)

(949) 250-3280

(Registrant's telephone number, including area code)

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

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Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes
 No

As of September 30, 2003, 10,653,605 shares of the Registrant's Common Stock were outstanding. The aggregate market value of the Registrant's outstanding common stock as of that date (based upon the last sale price of a share of common stock on that date reported by the Nasdaq National Market), excluding outstanding shares beneficially owned by directors and executive officers, was \$11,291,952.

TROY GROUP, INC.

**Quarterly Report on Form 10-Q for the
Quarterly Period Ended August 31, 2003**

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PART I: FINANCIAL INFORMATION

ITEM 1 FINANCIAL STATEMENTS

TROY GROUP, INC.
CONSOLIDATED BALANCE SHEETS

(in thousands, except per share amounts)

	August 31, 2003 (Unaudited)	November 30, 2002
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,894	\$ 6,615
Investment in available-for-sale securities		497
Accounts receivable, less allowance for doubtful accounts of \$640 and \$884	7,781	9,227
Income tax refund receivable		1,076
Inventories	5,331	5,540
Prepaid expenses and other	724	440
Deferred tax assets	3,715	3,715
Total current assets	26,445	27,110
Equipment and leasehold improvements, net	2,228	2,039
Other assets, including notes receivable from stockholders \$2,071 and \$2,123	4,130	4,390
Total assets	\$ 32,803	\$ 33,539
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	\$ 76	\$ 73
Accounts payable	2,296	4,138
Accrued expenses	2,894	2,218
Deferred revenue	1,124	1,364
Total current liabilities	6,390	7,793
Long-term debt, net of current portion	64	120
Stockholders equity:		
Preferred stock, par value \$.01 per share, authorized 5,000,000 shares, issued none		
Common stock, par value \$.01 per share; authorized 50,000,000 shares, issued 10,974,170 shares in 2003, and 10,969,657 shares in 2002	110	110
Additional paid-in capital	21,122	21,113
Retained earnings, including accumulated other comprehensive income of \$134 and none	6,292	5,578
	27,524	26,801

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Less cost of treasury stock	320,565 common shares in 2003 and 2002	1,175	1,175
Total stockholders' equity		26,349	25,626
Total liabilities and stockholders' equity		\$ 32,803	\$ 33,539

See Notes to Consolidated Financial Statements.

TROY GROUP, INC.

**CONSOLIDATED STATEMENTS
OF OPERATIONS**

(Unaudited)

(in thousands, except per share amounts)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2003	2002	2003	2002
Net sales	\$ 14,671	\$ 13,649	\$ 42,474	\$ 41,245
Cost of goods sold	9,636	10,314	26,267	26,958
Gross profit	5,035	3,335	16,207	14,287
Operating expenses:				
Selling, general and administrative	3,590	3,415	11,302	11,282
Research and development	1,265	1,696	3,957	5,221
Amortization of intangible assets	11	30	33	90
Operating income (loss)	169	(1,806)		