Omega Flex, Inc. Form 10-Q May 07, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2018

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 000-51372

Omega Flex, Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania	23-1948942
(State or other jurisdiction	(I.R.S. Employer
of incorporation or organization)	Identification No.)

451 Creamery Way, Exton, PA19341(Address of principal executive offices)(Zip Code)

(610) 524-7272

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 [X] No []

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§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 []

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

Large accelerated filer [] Accelerated filer [X] Non-accelerated filer [] 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 [**X**]

APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS

DURING THE PRECEDING FIVE YEARS.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 12 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by the courts.

The number of shares of the registrant's common stock outstanding as of March 31, 2018 was 10,091,822.

OMEGA FLEX, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE THREE MONTHS ENDED MARCH 31, 2018

INDEX

PART I - FINANCIAL INFORMATION	Page No. 3
<u>Item 1 – Financial Statements</u>	3
Condensed consolidated balance sheets at March 31, 2018 (unaudited) and December 31, 2017	3
Condensed consolidated statements of income for the three-months ended March 31, 2018 and 2017 (unaudited)	4
Condensed consolidated statements of comprehensive income for the three-months ended March 31, 2018 and 2017 (unaudited)	5
Condensed consolidated statement of shareholder's equity for the three-months ended March 31, 2018 (unaudited)	6
Condensed consolidated statements of cash flows for the three-months ended March 31, 2018 and 2017 (unaudited)	7
Notes to the condensed consolidated financial statements (unaudited)	8
Item 2- Management's Discussion and Analysis of Financial Condition and Results of Operations	22
Item 3 – Quantitative and Qualitative Information About Market Risks	33
Item 4 – Controls and Procedures	33
PART II - OTHER INFORMATION	34
<u>Item 1 – Legal Proceeding</u> s	34
<u>Item 1A – Risk Factor</u> s	35
Item 2 – Unregistered Sales of Equity Securities and Use of Proceeds	35

Item 3 – Defaults Upon Senior Securities	35
Item 4 – Mine Safety Disclosures	35
Item 5 – Other Information	35
Item 6 - Exhibits	36
SIGNATURES	37

-2-

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

OMEGA FLEX, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Current Assets:	¢ 25 570	¢ 27 020
Cash and Cash Equivalents	\$ 35,579	\$ 37,938
Accounts Receivable - less allowances of \$918 and \$920, respectively	15,406	15,636
Inventories-Net	7,998	8,007
Other Current Assets	1,369	1,895
Total Current Assets	60,352	63,476
Property and Equipment - Net	7,274	6,998
Goodwill-Net	3,526	3,526
Deferred Taxes	12	12
Other Long Term Assets	3,072	3,079
Total Assets	\$ 74,236	\$ 77,091
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 2,054	\$ 2,598
Accrued Compensation	1,268	4,851
Accrued Commissions and Sales Incentives	2,879	4,284
Dividends Payable	—	2,220
Taxes Payable	1,550	568
Other Liabilities	3,436	3,583
Total Current Liabilities	11,187	18,104
Deferred Taxes	292	209
Long Term Taxes Payable	761	761
Other Long Term Liabilities	1,294	1,948

Total Liabilities	13,534		21,022
Commitments and Contingencies (Note 5)			
Shareholders' Equity: Omega Flex, Inc. Shareholders' Equity: Common Stock – par value \$0.01 share: authorized 20,000,000 shares: 10,153,633 shares issued and 10,001 \$22 outstanding at March 31, 2018 and December 31, 2017, respectively.	102		102
issued and 10,091,822 outstanding at March 31, 2018 and December 31, 2017, respectively Treasury Stock Paid-in Capital Retained Earnings Accumulated Other Comprehensive Loss Total Omega Flex, Inc. Shareholders' Equity	(1 10,808 49,620 (501 60,028)	(1) 10,808 45,457 (908) 55,458
Noncontrolling Interest Total Shareholders' Equity	674 60,702		611 56,069
Total Liabilities and Shareholders' Equity	\$ 74,236		\$ 77,091

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

-3-

OMEGA FLEX, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands except Earnings per Common Share)

For the
three-months
ended
March 31,
2018 2017
(unaudited)Net Sales\$25,397 \$25,607Cost of Goods Sold10,364 10,271

Gross Profit