

Henry Bros. Electronics, Inc.
Form 10-Q
May 12, 2010

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES AND
EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

TRANSITION REPORT UNDER SECTION 13 OR 15 (D) OF THE SECURITIES AND
EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission File No. 1-16779

Henry Bros. Electronics, Inc.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

22-3690168
(I.R.S. Employer
Identification No.)

17-01 Pollitt Drive
Fair Lawn, New Jersey 07410
(address of principal executive offices) (Zip Code)
Registrant's Telephone number, including area code: (201) 794-6500

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 has submitted electronically and posted on its corporate Website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes
No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definitions of "large accelerated filer", "accelerated filer and" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a 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

Indicate the number of shares outstanding of each of the Registrant's Common Stock, as of the latest practicable date:
6,045,366 shares of common stock, \$.01 par value per share, as of May 3, 2010.

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Part I Financial Information

Item 1. Financial Statements

HENRY BROS. ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	March 31, 2010 (unaudited)	December 31, 2009 (audited)
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,685,698	\$ 2,917,046
Accounts receivable-net of allowance for doubtful accounts of \$728,840 at March 31, 2010 and \$712,206 at December 31, 2009	9,690,667	12,053,139
Inventory	1,525,991	1,245,306
Costs in excess of billings and estimated profits	6,374,316	6,003,533
Deferred tax asset	1,250,900	1,251,443
Retainage receivable	370,144	295,928
Prepaid expenses and income tax receivable	1,357,304	1,423,541
Other assets	133,540	161,479
Total current assets	22,388,560	25,351,415
Property and equipment - net of accumulated depreciation of \$3,755,594 at March 31, 2010 and \$3,564,650 at December 31, 2009	2,114,803	2,254,054
Goodwill	3,818,330	3,785,480
Intangible assets - net of accumulated amortization of \$1,230,008 at March 31, 2010 and \$1,187,013 at December 31, 2009	845,757	888,752
Other assets	411,025	412,594
TOTAL ASSETS	\$ 29,578,475	\$ 32,692,295
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 4,411,814	\$ 5,360,471
Accrued expenses	3,758,638	3,507,060
Billings in excess of costs and estimated profits	810,506	1,567,874
Deferred income	202,652	136,574
Current portion of long-term debt	455,441	536,552
Other current liabilities	431,032	494,017
Total current liabilities	10,070,083	11,602,548
Long-term debt, less current portion	3,070,359	4,830,517
Deferred tax liability	358,716	318,850
TOTAL LIABILITIES	13,499,158	16,751,915
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value; 2,000,000 shares authorized; no shares issued	—	—
Common stock, \$.01 par value; 20,000,000 shares authorized	—	—

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6,040,366 shares issued and outstanding in 2010 and 6,035,366 in 2009	60,404	60,354
Additional paid in capital	18,518,788	18,437,288
Accumulated deficit	(2,499,875)	(2,557,262)
TOTAL EQUITY	16,079,317	15,940,380
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$ 29,578,475	\$ 32,692,295

See accompanying notes to the condensed consolidated financial statements.

HENRY BROS. ELECTRONICS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three months ended March 31,	
	2010	2009
	(unaudited)	(unaudited)
Revenue	\$ 12,441,292	\$ 15,308,212
Cost of revenue	8,864,290	