

IEC ELECTRONICS CORP  
Form 10-Q  
May 10, 2017  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2017

or  
 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 001-34376

IEC ELECTRONICS CORP.  
(Exact name of registrant as specified in its charter)

Delaware 13-3458955  
(State or other jurisdiction of (I.R.S. Employer Identification No.)  
incorporation or organization)

105 Norton Street, Newark, New York 14513  
(Address of Principal Executive Offices) (Zip Code)

315-331-7742  
(Registrant's telephone number, including area code)

Not Applicable  
(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  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 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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer   
Non-accelerated filer  Smaller reporting company   
Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. "

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 issuer's classes of common stock, as of the latest practicable date:

Common Stock, \$0.01 par value – 10,316,623 shares as of May 1, 2017

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## Part I FINANCIAL INFORMATION

## Item 1. Condensed Financial Statements

IEC ELECTRONICS CORP.  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 MARCH 31, 2017 and SEPTEMBER 30, 2016  
 (in thousands, except share and per share data)

	March 31, 2017	September 30, 2016
	(unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash	\$ 509	\$ 845
Accounts receivable, net of allowance	14,713	17,140
Inventories, net	16,477	15,384
Assets held for sale	—	4,611
Other current assets	997	1,214
Total current assets	32,696	39,194
Property, plant & equipment, net	17,010	10,994
Intangible assets, net	75	95
Goodwill	101	101
Other long term assets	8	13
Total assets	\$ 49,890	\$ 50,397
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long-term debt	\$ 1,530	\$ 2,908
Current portion of capital lease	206	—
Accounts payable	11,784	10,864
Accrued payroll and related expenses	1,207	3,365
Other accrued expenses	496	529
Customer deposits	2,161	1,756
Total current liabilities	\$ 17,384	\$ 19,422
Long-term debt	12,950	16,732
Long-term capital lease	5,471	—
Other long-term liabilities	1,425	379
Total liabilities	37,230	36,533
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$0.01 par value:	—	—
500,000 shares authorized; none issued or outstanding		
Common stock, \$0.01 par value:		
Authorized: 50,000,000 shares		
Issued: 11,372,111 and 11,330,151 shares, respectively		
Outstanding: 10,316,623 and 10,274,663 shares, respectively	114	113

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Additional paid-in capital	46,557	46,294
Retained earnings/(accumulated deficit)	(32,422 )	(30,954 )
Treasury stock, at cost: 1,055,488 shares	(1,589 )	(1,589 )
Total stockholders' equity	12,660	13,864
Total liabilities and stockholders' equity	\$ 49,890	\$ 50,397

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

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IEC ELECTRONICS CORP.  
 CONDENSED CONSOLIDATED INCOME STATEMENTS  
 THREE and SIX MONTHS ENDED MARCH 31, 2017 and APRIL 1, 2016  
 (unaudited; in thousands, except share and per share data)

	Three Months Ended		Six Months Ended	
	March 31, April 1,		March 31, April 1,	
	2017	2016	2017	2016
Net sales	\$21,368	\$ 33,148	\$42,344	\$ 66,081
Cost of sales	19,089	27,412	38,269	54,528
Gross profit	2,279	5,736	4,075	11,553
Selling and administrative expenses	2,665	3,762	5,095	7,747
Operating profit/(loss)	(386 )	1,974	(1,020 )	3,806
Interest and financing expense	229	513	448	802
Income/(loss) before income taxes	(615 )	1,461	(1,468 )	3,004
Provision for/(benefit from) income taxes	—	—	—	—
Net income/(loss)	\$(615 )	\$ 1,461	\$(1,468 )	\$ 3,004
Net income/(loss) per common and common equivalent share:				
Basic	\$(0.06 )	\$ 0.14	\$(0.14 )	\$ 0.29
Diluted	(0.06 )	0.14	(0.14 )	0.29
Weighted average number of common and common equivalent shares outstanding:				
Basic	10,173,388	10,205,031	10,168,339	10,210,539
Diluted	10,173,388	10,205,031	10,168,339	10,210,539

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

## IEC ELECTRONICS CORP.

CONDENSED CONSOLIDATED STATEMENTS of CHANGES in STOCKHOLDERS' EQUITY  
SIX MONTHS ENDED MARCH 31, 2017 and APRIL 1, 2016

(unaudited; in thousands)

	Common Stock, par \$0.01	Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock, at cost	Total Stockholders' Equity
Balances, October 1, 2015	\$ 112	\$ 45,845	\$(35,740)	\$(1,529)	\$ 8,688
Net income	—	—	3,004	—	3,004
Stock-based compensation	—	162	—	—	162
Restricted (non-vested) stock grants, net of forfeitures	1	(1 )	—	—	—
Employee stock plan purchase	—	7	—	—	7
Return of incentive compensation shares	—	—	—	(60 )	(60 )
Balances, April 1, 2016	\$ 113	\$ 46,013	\$(32,736)	\$(1,589)	\$ 11,801

	Common Stock, par \$0.01	Additional Paid-In Capital	Retained Earnings (Deficit)	Treasury Stock, at cost	Total Stockholders' Equity
Balances, October 1, 2016	\$ 113	\$ 46,294	\$(30,954)	\$(1,589)	\$ 13,864
Net loss	—	—	(1,468 )	—	(1,468 )
Stock-based compensation	—	252	—	—	252
Restricted (non-vested) stock grants, net of forfeitures	1	—	—	—	1
Employee stock plan purchases	—	13	—	—	13
Shares withheld for payment of taxes upon vesting of restricted stock	—	(2 )	—	—	(2 )
Balances, March 31, 2017	\$ 114	\$ 46,557	\$(32,422)	\$(1,589)	\$ 12,660

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

IEC ELECTRONICS CORP.  
 CONDENSED CONSOLIDATED STATEMENTS of CASH FLOWS  
 SIX MONTHS ENDED MARCH 31, 2017 and APRIL 1, 2016  
 (unaudited; in thousands)

	Six Months Ended March 31, April 1, 2017      2016	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income/(loss)	\$(1,468)	\$3,004
Non-cash adjustments:		
Stock-based compensation	252	162
Incentive compensation shares returned	—	(60 )
Depreciation and amortization	1,330	1,681
(Gain)/loss on sale of property, plant and equipment	—	1
Reserve for doubtful accounts	(151 )	270
Provision for excess/obsolete inventory	(196 )	279
Amortization of deferred gain on sale leaseback	(30 )	—
Changes in assets and liabilities:		
Accounts receivable	2,578	6,422
Inventory	(897 )	1,580
Other current assets	217	185
Other long term assets	5	(11 )
Accounts payable	920	(6,497 )
Accrued expenses	(2,191 )	629
Customer deposits	405	(1,015 )
Other long term liabilities	(85 )	(14 )
Net cash flows from operating activities	689	6,616
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property, plant and equipment	(1,536 )	(1,270 )
Proceeds from sale-leaseback	5,750	—