Omega Flex, Inc.
Form 10-Q
May 07, 2010

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, 2010

( ) 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 of incorporation or organization)	(I.R.S. Employer Identification No.)
451 Creamery Way, Exton, PA	19341
(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 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 [ ] Non-accelerated filer [ ] Smaller reporting Company [x]

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 issued and outstanding as of April 22, 2010 was 10,091,822.

OMEGA FLEX, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2010

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

OMEGA FLEX, INC.
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2010	December 31, 2009
	(Dollars in thousands)	
ASSETS		
Current Assets		
Cash and Cash Equivalents	$1,906	$1,881
Accounts Receivable - less allowances of $160 and $92, respectively	6,920	6,515
Inventories-Net	6,060	6,188
Deferred Taxes	712	712
Note Receivable – from Former Parent	3,250	3,250
Other Current Assets	381	542
Total Current Assets	19,229	19,088
Property and Equipment - Net	6,119	6,296
Goodwill	3,526	3,526
Other Long Term Assets	657	622
Total Assets	$29,531	$29,532
	======	======
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	$813	$863
Line of Credit	7,500	7,500
Accrued Compensation	1,025	1,552
Accrued Commissions & Sales Incentives	1,270	1,680
Taxes Payable	530	226
Other Liabilities	1,342	1,546
Total Current Liabilities	12,480	13,367
Deferred Taxes	1,293	1,372
Other Long Term Liabilities	1,037	987
Total Liabilities	14,810	15,726
Equity:		
Omega Flex, Inc. Shareholders' Equity:		
Common Stock – par value $0.01 Share: authorized 20,000,000 Shares: 10,153,633 shares issued and 10,091,822 outstanding at	102	102

March 31, 2010 and December 31, 2009, respectively		
Treasury Stock	(1)	(1)
Paid in Capital	10,808	10,808
Retained Earnings	4,259	3,184
Accumulated Other Comprehensive Loss	(578)	(434)
Total Omega Flex, Inc. Shareholders' Equity	14,590	13,659
Noncontrolling Interest	131	147
Total Shareholders' Equity	14,721	13,806
Total Liabilities and Shareholders' Equity	$29,531	$29,532

See Accompanying Notes to Consolidated Financial Statements.

OMEGA FLEX, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	For the three-months ended March 31, 2010	2009
	(Amounts in thousands, except earnings per Common Share)	
Net Sales	$11,691	$10,093
Cost of Goods Sold	5,273	5,765
Gross Profit	6,418	4,328
Selling Expense	2,155	1,994
General and Administrative Expense	1,959	1,163
Engineering Expense	584	549
Operating Profit	1,720	622
Interest Income (Expense), Net	(15)	19
Other Expense, Net	(1)	(10)
Income Before Income Taxes	1,704	631
Income Tax Expense	638	246
Net Income	$1,066	$385
Less: Net Loss attributable to the Noncontrolling Interest	9	7
Net Income attributable to Omega Flex, Inc.	$1,075	$392
	=====	=====
Basic Earnings per Common Share:		
Net Income	$0.11	$0.04
Basic Weighted Average Shares Outstanding	10,092	10,093
Diluted Earnings per Common Share:		
Net Income	$0.11	$0.04
Diluted Weighted Average Shares Outstanding	10,092	10,093

See Accompanying Notes to Consolidated Financial Statements.

OMEGA FLEX, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	For the three-months ended March 31,	
	2010	2009
	(Dollars in thousands)	
Cash Flows from Operating Activities:		
Net Income	$1,066	$385
Adjustments to Reconcile Net Income to Net Cash Provided By (Used In) Operating Activities:		
Non-Cash Compensation Expense	21	7
Depreciation and Amortization	165	116
Provision for Losses on Accounts Receivable, net of write-offs and recoveries	73	(8)
Changes in Assets and Liabilities:		
Accounts Receivable	(516)	923
Inventory	60	2,051
Accounts Payable	(32)	(1,822)
Accrued Compensation	(521)	(1,972)
Other Liabilities	(342)	(127)
Other Assets	126	(44)
Net Cash Provided by (Used In) Operating Activities	100	(491)
Cash Flows from Investing Activities:		
Capital Expenditures	(23)	(313)
Net Cash Used in Investing Activities	(23)	(313)
Cash Flows from Financing Activities:		
Treasury Stock Purchases	---	(24)
Net Cash Used in Financing Activities	---	(24)
Net Increase (Decrease) in Cash and Cash Equivalents	77	(828)
Translation effect on cash	(52)	(28)
Cash and Cash Equivalents – Beginning of Period	1,881	9,773
Cash and Cash Equivalents – End of Period	$1,906	$8,917
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid for Income Taxes	$408	$403
	====	====
Cash paid for Interest	$75	$---

	===	===

See Accompanying Notes to Consolidated Financial Statements.

OMEGA FLEX, INC.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(All dollars in thousands except per share amounts)

(Unaudited)

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Omega Flex, Inc. (Omega) and its subsidiaries (collectively the “Company”). The Company’s unaudited condensed consolidated financial statements for the quarter ended March 31, 2010 have been prepared in accordance with generally accepted accounting principles, and with the instructions of Form 10-Q and Article 10 of Regulation S-X. Certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to those rules and regulations, although the company believes that the disclosures made are adequate to make the information not misleading. It is suggested that these condensed financial statements be read in conjunction with the financial statements and the notes thereto included in the Company’s latest shareholders’ annual report (Form 10-K). All material inter-company accounts and transactions have been eliminated in consolidation. It is Management’s opinion that all adjustments necessary for a fair statement of the results for the interim periods have been made, and that all adjustments are of a normal recurring nature or a description is provided for any adjustments that are not of a normal recurring nature.

Description of Business

The Company is a leading manufacturer of flexible metal hose, which is used in a variety of applications to carry gases and liquids within their particular applications. These applications include carrying liquefied gases in certain processing applications, fuel gases within residential and commercial buildings and vibration absorbers in high vibration applications. Our industrial flexible metal piping is used to carry other types of gases or fluids in a number of industrial applications where the customer requires a degree of flexibility, an ability to carry corrosive compounds or mixtures, a double containment systems, or piping to carry gases or fluids at very high and very low (cryogenic) temperatures.

The Company manufactures flexible metal hose at its facility in Exton, Pennsylvania, with a minor amount of manufacturing performed in the UK, and sells its product through distributors, wholesalers and to original equipment manufacturers (“OEMs”) throughout North America, and in certain European markets.

Accounting Changes

The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (GAAP) in the United States. As a result of the new codification structure, the FASB will not issue new standards in the forms of Statements, FASB Staff Positions, or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates (ASU). Rules and interpretive releases of the Securities and Exchange Commission (SEC) under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. The Company adopted this guidance in the quarter ended September 30, 2009 and it did not have a material effect on the Company's consolidated statements of operations, financial position or cash flows.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The most significant estimates and assumptions relate to revenue recognition and related sales incentives, accounts receivable valuations, inventory valuations, goodwill valuation, and accounting for income taxes. Actual amounts could differ significantly from these estimates.

Revenue Recognition

The Company's revenue recognition activities relate almost entirely to the manufacture and sale of flexible metal hose and pipe. Under generally accepted accounting principles, revenues are considered to have been earned when the Company has substantially accomplished what it must do to be entitled to the benefits represented by the revenues. The following criteria represent preconditions to the recognition of revenue:

- Persuasive evidence of an arrangement for the sale of product or services must exist.
- Delivery has occurred or services rendered.
- The sales price to the customer is fixed or determinable.
- Collection is reasonably assured.

The Company generally recognizes revenue upon shipment in accordance with the above principles.

Gross sales are reduced for all consideration paid to customers for which no identifiable benefit is received by the Company. This includes promotional incentives, year-end rebates, and discounts. The amounts of certain incentives are estimated at the time of sale.

Commissions, for which the Company receives an identifiable benefit, are accounted for as a sales expense.

Earnings per Common Share

Basic earnings per share have been computed using the weighted average number of common shares outstanding. For the periods presented, there are no dilutive securities. Consequently, basic and dilutive earnings per share are the same.

Currency Translation

Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing on the balance sheet date. The Statements of Operations are translated into U.S. dollars at average exchange rates. Adjustments resulting from the translation of financial statements are excluded from the determination of income and are accumulated in a separate component of shareholders' equity. Exchange gains and losses resulting from foreign currency transactions are included in operations (other income (expense)) in the period in which they occur.

Income Taxes

The Company accounts for federal tax liabilities in accordance with the FASB ASC Topic 740 Income Taxes. Under this method the Company recorded tax expense and related deferred taxes and tax benefits.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for deferred tax assets if it is more likely than not that these items will either expire before the Company is able to realize the benefit, or that future deductibility is uncertain.

Other Comprehensive (Loss) Income

For the quarters ended March 31, 2010 and 2009, respectively, the sole component of Other Comprehensive (Loss) Income was a foreign currency translation adjustment.

Reclassifications

Certain reclassifications have been made to prior years' financial statements to conform to the 2010 presentation.

3. INVENTORIES

Inventories consisted of the following:

	March 31, 2010	December 31, 2009
	(dollars in thousands)	
Finished Goods	$4,192	$4,447
Raw Materials	1,868	1,741
Total Inventory	$6,060	$6,188

4. LINE OF CREDIT

On December 17, 2009, the Company agreed to a Revolving Line of Credit Note and a Loan Agreement with Sovereign Bank, NA ("Sovereign"). The Company thereby established a line of credit facility in the maximum amount of $15,000, maturing on December 31, 2010, with funds available for working capital purposes and to fund dividends. This supersedes the existing $7,500 line of credit the Company previously had in place with Sovereign. The loan is collateralized by all of the Company's tangible and intangible assets. The loan agreement provides for the payment of any loan under the agreement at a rate that is either prime rate plus 0.75% or LIBOR rate plus 3%, with a 4% floor. The Company is also required to pay a nominal commitment fee for the additional $7,500 of available funds, and is delegated to pay a "Line Fee" equal to 17.5 basis points of the average unused balance on a quarterly basis. The Company has no other loans or loan balances outstanding.

As of March 31, 2010 and December 31, 2009, the Company was in compliance with all debt covenants.

5. COMMITMENTS AND CONTINGENCIES

Commitments:

Under a number of indemnity agreements between the Company and each of its officers and directors, the Company has agreed to indemnify each of its officers and directors against any liability asserted against them in their capacity as an officer or director, or both. The Company's indemnity obligations under the indemnity agreements are subject to certain conditions and limitations set forth in each of the agreements. Under the terms of the Agreement, the Company is contingently liable for costs which may be incurred by the officers and directors in connection with claims arising by reason of these individuals' roles as officers and directors.

The Company has entered into salary continuation agreements with two employees, which provide for monthly payments to each of the employee or his designated beneficiary upon the employee's retirement or death. The payment benefits range from $1 per month to $3 per month with the term of such payments limited to 15 years after the employee's retirement at age 65. The agreements also provide for survivorship benefits if the employee dies before attaining age 65, and severance payments if the employee is terminated without cause, the amount of which is dependent on the length of company service at the date of termination. The net present value of the retirement payments is included in Other Long-Term Liabilities, which amounts to $413 at March 31, 2010 and $388 at December 31, 2009, respectively. The Company has obtained and is the beneficiary of three whole life insurance policies in respect of the two employees discussed above, and one other policy. The cash surrender value of such policies (included in Other Assets) amounts to $657 at March 31, 2010 and $622 at December 31, 2009, respectively.

Contingencies:

The Company's general liability insurance policies are subject to deductibles or retentions and amounts ranging from $50 to $75, subject to an agreed aggregate. The Company is insured on a 'first dollar' basis for workers' compensation subject to statutory limits.

The Company is not presently involved in any litigation that it believes could materially and adversely affect its financial condition or results of operations.

Warranty Commitments:

Gas transmission products such as those made by the Company carry potentially serious personal injury risks in the event of failures in the field. As a result, the Company has extensive internal testing and other quality control procedures and historically the Company has not had a meaningful failure rate in the field due to the extensive nature of these quality controls. Due to the Company's quality systems, the warranty expense is de minimis, and accordingly, the Company does not maintain a warranty reserve beyond a nominal amount.

6. STOCK BASED PLANS

Phantom Stock Plan

Plan Description. On April 1, 2006, the Company adopted the Omega Flex, Inc. 2006 Phantom Stock Plan (the "Plan"). The Plan authorizes the grant of up to one million units of phantom stock to employees, officers or directors of the Company and of any of its subsidiaries. The phantom stock units ("Units") each represent a contractual right to payment of compensation in the future based on the market value of the Company's common stock. The Units are not shares of the Company's common stock, and a recipient of the Units does not receive any of the following:

§ ownership interest in the Company
§ shareholder voting rights
§ dividends or distributions
§ other incidents of ownership to the Company's common stock

The Units are granted to participants upon the recommendation of the Company's CEO, and the approval of the compensation committee. Each of the Units that are granted to a participant will be initially valued by the compensation committee, and at a minimum, the Unit's value will be in an amount equal to the closing price of the Company's common stock on the grant date. The Units follow a vesting schedule, with a maximum vesting schedule of 3 years after the grant date. Upon vesting, the Units represent a contractual right to the payment of the value of the Unit. The Units will be paid on their maturity date, one year after all of the Units granted in a particular award have fully vested, unless an acceptable event occurs under the terms of the Plan prior to one year, which would allow for earlier payment. The amount to be paid to the participant on the maturity date is dependent on the type of Unit granted to the participant.

The Units may be Full Value, in which the value of each Unit at the maturity date, will equal the closing price of the Company's common stock as of the maturity date; or Appreciation Only, in which the value of each Unit at the maturity date will be equal to the closing price of the Company's common stock at the maturity date minus the closing price of the Company's common stock at the grant date.

On December 9, 2009, the Board of Directors authorized an amendment to the Plan to pay an amount equal to the value of any cash or stock dividend declared by the Company on its common stock to be accrued to the phantom stock units outstanding as of the record date of the common stock dividend. The dividend equivalent will be paid at the same time the underlying phantom stock units are paid to the participant.

In certain circumstances, the Units may be immediately vested upon the participant's death or disability. All Units granted to a participant are forfeited if the participant is terminated from his relationship with the Company or its subsidiary for "cause," which is defined under the
Plan. If a participant's employment or relationship with the Company is terminated for reasons other than for "cause," then any vested Units will be paid to the participant upon termination. However, Units granted to certain "specified employees" as defined in Section 409A of the Internal Revenue Code will be paid approximately 181 days after that termination.

Grants of Phantom Stock Units. As of December 31, 2009, the Company had 12,937 unvested units outstanding, all of which were granted at Full Value. On March 3, 2010, the Company granted an additional 8,100 Full Value Units with a fair value at grant date of $10.52 per unit. In all cases, the grant price was equal to the closing price of the Company's common stock at the grant date.

The Company uses the Black-Scholes option pricing model as its method for determining fair value of the Units. The Company uses the straight-line method of attributing the value of the stock-based compensation expense relating to the Units. The compensation expense (including adjustment of the liability to its fair value) from the Units is recognized over the service or vesting period of each grant or award.

The FASB ASC Topic 718 Stock Compensation requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates in order to derive the Company's best estimate of awards ultimately to vest.

Forfeitures represent only the unvested portion of a surrendered Unit and are typically estimated based on historical experience. Based on an analysis of the Company's historical data, which has limited experience related to any stock-based plan forfeitures, the Company applied a 0% forfeiture rate to Plan Units outstanding in determining its Plan Unit compensation expense for March 31, 2010.

In accordance with FASB ASC Topic 718 Stock Compensation, the Company recorded compensation expense of approximately $21 and $7 related to the Phantom Stock Plan for the three months ended March 31, 2010 and 2009, respectively. The related liability was $188 and $167 at March 31, 2010 and December 31, 2009, respectively.

The fair value of the Units granted through the first quarter March 31, 2010 using the Black-Scholes option-pricing model as of the grant date, uses the following assumptions:

Year Ended December 31,	Expected Term	Expected Volatility Factor	Expected Dividend Amount	Risk-Free Interest Rate
2010	3.0	77.12%	7.14%	1.34%

The Company has elected to use the "Simplified" method for calculating the Expected Term in accordance with SAB 107, and has opted to use the Expected Dividend Amount rather than an Expected Dividend Yield.

The following table summarizes information about the Company's nonvested phantom stock Units at March 31, 2010:

	Units	Weighted Average Grant Date Fair Value
Number of Phantom Stock Unit Awards:		
Nonvested at December 31, 2009	12,937	$14.77
Granted	8,100	$ 8.49
Vested	(5,482)	($15.30)
Forfeited	(---)	($---)
Canceled	(---)	($---)
Nonvested at March 31, 2010	15,555	$11.32
Phantom Stock Unit Awards Expected to Vest	15,555	$11.32

At March 31, 2010, a total of 8,990 Units have vested including 5,482, which vested during the first quarter of 2010. The Units granted are expected to vest in one year intervals over three years, subject to earlier termination or forfeiture.

As of March 31, 2010, the unrecognized compensation costs related to Plan Units vesting will be primarily recognized at various times through 2013.

(Amounts in thousands)

Fiscal year ending	2010	2011	2012	2013	Total
Compensation Expense	$66	$69	$26	$4	$165

The Units outstanding and exercisable at March 31, 2010 were in the following exercise price ranges:

Units Outstanding

Year	Range of Exercise Price	Number of Units Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Aggregate Intrinsic Value
2007	$22.02	2,724	---	$22.02	---
2008	$15.76	5,076	0.92	$15.76	---
2009	$15.62	8,645	1.84	$15.62	---
2010	$10.52	8,100	2.93	$10.52	---

Units Exercisable

Year	Range of Exercise Price	Number of Units Exercisable	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value
2007	$22.02	2,724	---	$22.02	---
2008	$15.76	---	0.92	$15.76	---
2009	$15.62	---	1.84	$15.62	---
2010	$10.52	---	2.93	$10.52	---

7. NONCONTROLLING INTERESTS

As of December 31, 2009, the Company's net equity of $13,806 consisted of $41 other comprehensive income pertaining to foreign currency translation and $147 comprehensive income, both related to our Noncontrolling Interest. During the first quarter of 2010 the Noncontrolling Interest represented a $9 loss and $8 income within the total Consolidated Company Income of $1,066 and Other Comprehensive Loss of $144, respectively.

8. SHAREHOLDERS' EQUITY
(Amounts in thousands, except share amounts)

As of March 31, 2010 and December 31, 2009, the Company had authorized 20,000,000 common stock shares with par value of $0.01 per share. Shares outstanding for the same periods were 10,091,822. Shares issued for the same periods were 10,153,633.

On December 9, 2009, the Board of Directors declared a dividend of $2.00 per share, payable on December 24, 2009 to shareholders of record on December 21, 2009, amounting to $20,183.

On September 11, 2009, the Company's Board of Directors authorized an extension of the stock repurchase program for an additional 24 months. The original program established in September of 2007 authorized the purchase of up to $5,000 of its common stock. The purchases may be made from time-to-time in open market or in privately negotiated transactions, depending on market and business conditions. The Board retained the right to cancel, extend, or expand the share buyback program, at any time and from time-to-time. The Company had no purchases under the program during 2010. Since inception, the Company has purchased a total of 61,811 shares for approximately $932, or $15 per share.

In connection with the aforementioned share buyback program, on September 15, 2009 the Company entered into an amendment of the Rule 10b5-1 Repurchase Plan (the "Plan") dated September 15, 2008 with Hunter Associates, Inc. ("Hunter"), by which Hunter will continue to implement the share buyback program by purchasing shares of the Company's common stock in accordance with the terms of the Plan and within the safe harbor afforded by Rule 10b5-1.

9. SUBSEQUENT EVENTS

During the second quarter of 2009, the Company adopted a new accounting standard, which established general standards of evaluation and disclosure of events, which occur after the balance sheet date. The Company evaluated all events or transactions that occurred through the date on which the Company issued these financial statements. During this period, the Company did not have any material subsequent events that impacted its consolidated financial statements.

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

This report contains forward-looking statements, which are subject to inherent uncertainties. These uncertainties include, but are not limited to, variations in weather, changes in the regulatory environment, customer preferences, general economic conditions, increased competition, the outcome of outstanding litigation, and future developments affecting environmental matters. All of these are difficult to predict, and many are beyond the ability of the Company to control.

Certain statements in this Quarterly Report on Form 10-Q that are not historical facts, but rather reflect the Company's current expectations concerning future results and events, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believes", "expects", "intends", "plans", "anticipates", "hop "likely", "will", and similar expressions identify such forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from future results, performance or achievements expressed or implied by such forward-looking statements.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's view only as of the date of this Form 10-Q. The Company undertakes no obligation to update the result of any revisions to these forward-looking statements which may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events, conditions or circumstances.