

Omega Flex, Inc.
Form 10-Q
May 08, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 **March 31, 2015**

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
(Address of principal executive offices)

19341
(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 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 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of The Exchange Act).

Yes No

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS
DURING THE PRECEDING FIVE YEARS.**

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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, 2015 was 10,091,822.

OMEGA FLEX, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE MONTHS ENDED MARCH 31, 2015

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PART I - FINANCIAL INFORMATION**Item 1 - Financial Statements****OMEGA FLEX, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Dollars in Thousands)**

	March 31, 2015 (unaudited)	December 31, 2014
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 16,526	\$ 22,585
Accounts Receivable - less allowances of \$650 and \$710, respectively	12,831	13,723
Inventories-Net	7,783	7,364
Deferred Taxes	644	625
Other Current Assets	1,240	1,468
Total Current Assets	39,024	45,765
Property and Equipment - Net	4,575	4,483
Goodwill-Net	3,526	3,526
Other Long Term Assets	1,322	1,364
Total Assets	\$ 48,447	\$ 55,138
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts Payable	\$ 1,406	\$ 2,352
Accrued Compensation	1,131	4,184
Accrued Commissions and Sales Incentives	2,134	2,749
Dividends Payable	---	4,945
Taxes Payable	1,612	1,216
Other Liabilities	3,168	3,572
Total Current Liabilities	9,451	19,018
Deferred Taxes	1,070	926
Other Long Term Liabilities	870	1,225
Total Liabilities	11,391	21,169

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 10,091,822 outstanding at March 31,

2015 and December 31, 2014, respectively	102	102
Treasury Stock	(1)	(1)
Paid-in Capital	10,808	10,808
Retained Earnings	26,589	23,446
Accumulated Other Comprehensive Loss	(589)	(497)
Total Omega Flex, Inc. Shareholders' Equity	36,909	33,858
Noncontrolling Interest	147	111
Total Shareholders' Equity	37,056	33,969
Total Liabilities and Shareholders' Equity	\$ 48,447	\$ 55,138

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.**CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Amounts in Thousands except Earnings per Common Share)**

	For the three-months ended March 31,	
	2015	2014
	(unaudited)	
Net Sales	\$ 20,973	\$ 16,589
Cost of Goods Sold	8,583	7,310
Gross Profit	12,390	9,279
Selling Expense	3,775	3,123
General and Administrative Expense	3,277	2,187
Engineering Expense	631	704
Operating Profit	4,707	3,265
Interest Income	16	6
Other Expense	(46)	(8)
Income Before Income Taxes	4,677	3,263
Income Tax Expense	1,491	1,041
Net Income	3,186	2,222
Less: Net Income attributable to the Noncontrolling Interest, Net of Tax	(43)	(27)
Net Income attributable to Omega Flex, Inc.	\$ 3,143	\$ 2,195
Basic and Diluted Earnings per Common Share	\$ 0.31	\$ 0.22
Basic and Diluted Weighted-Average Shares Outstanding	10,092	10,092

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****(Amounts in Thousands)**

	For the three-months ended	
	March 31,	
	2015	2014
	(unaudited)	
Net Income	\$ 3,186	\$ 2,222
Other Comprehensive Income (Loss), Net of Tax:		
Foreign Currency Translation Adjustment, Net of Taxes	(99)	16
Other Comprehensive Income (Loss)	(99)	16
Comprehensive Income	3,087	2,238
Less: Comprehensive Income Attributable to the Noncontrolling Interest, Net of Taxes	(36)	(28)
Total Other Comprehensive Income	\$ 3,051	\$ 2,210

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements.

OMEGA FLEX, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	For the three-months ended	
	March 31,	
	2015	2014
	(unaudited)	
Cash Flows from Operating Activities:		
Net Income	\$ 3,186	\$ 2,222
Adjustments to Reconcile Net Income to		
Net Cash Used In Operating Activities:		
Non-Cash Compensation Expense	(213)	85
Depreciation and Amortization	100	143
Provision for Losses on Accounts Receivable, net of write-offs and		
recoveries	(60)	(140)
Changes in Assets and Liabilities:		
Accounts Receivable	849	1,878
Inventories	(464)	(286)
Other Assets	293	534
Accounts Payable	(928)	(437)
Accrued Compensation	(3,049)	(2,296)
Accrued Commissions and Sales Incentives	(613)	(2,224)
Other Liabilities	60	(820)
Net Cash Used In Operating Activities	(839)	(1,341)
Cash Flows from Investing Activities:		
Capital Expenditures	(197)	(25)
Net Cash Used in Investing Activities	(197)	