

ALPHA PRO TECH LTD
Form 10-Q
August 14, 2007

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 Quarter Ended June 30, 2007

Commission File No. 01-15725

Alpha Pro Tech, Ltd.

(exact name of registrant as specified in its charter)

Delaware, U.S.A.
(State or other jurisdiction of incorporation)

63-1009183
(I.R.S. Employer Identification No.)

Suite 112, 60 Centurian Drive
Markham, Ontario, Canada
(Address of principal executive offices)

L3R 9R2
(Zip Code)

Registrant's telephone number, including area code: **(905) 479-0654**

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2).

Large accelerated filer Accelerated filer Non-accelerated filer

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 August 8, 2007.

25,580,953 shares of common stock, \$.01 par value

Alpha Pro Tech, Ltd.

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- Exhibit 31.1: Certification by CEO pursuant to Rule 13a-14(b) and Rule 15d-14(b) of the Exchange Act (filed herewith)
- Exhibit 31.2: Certification by CFO pursuant to Rule 13a-14(b) and Rule 15d-14(b) of the Exchange Act (filed herewith)
- Exhibit 32.1: Certification by CEO pursuant to Section 906 of the Sarbanes-Oxley Act (filed herewith)
- Exhibit 32.2: Certification by CFO pursuant to Section 906 of the Sarbanes-Oxley Act (filed herewith)

Alpha Pro Tech, Ltd.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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Alpha Pro Tech, Ltd. (Alpha Pro Tech, the Company) prepared the following unaudited interim consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to these rules and regulations.

You should read the following unaudited interim consolidated financial statements and the accompanying notes together with the Company's Annual Report on Form 10-K for the year ended December 31, 2006. The Company's 2006 Annual Report contains information that may be helpful in analyzing the financial information contained in this report and in comparing its results of operations for the three and six months ended June 30, 2007 with the same period in 2006.

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Alpha Pro Tech, Ltd.

Consolidated Balance Sheets (Unaudited)

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	June 30, 2007	December 31, 2006 (1)
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,600,000	\$ 1,837,000
Accounts receivable, net of allowance for doubtful accounts of \$63,000 at June 30, 2007 and \$61,000 at December 31, 2006	5,483,000	6,157,000
Inventories, net	14,919,000	12,713,000
Prepaid expenses and other current assets	1,373,000	1,195,000
Deferred income taxes	403,000	395,000
Total current assets	23,778,000	22,297,000
Property and equipment, net	3,227,000	3,355,000
Goodwill, net	55,000	55,000
Intangible assets, net	176,000	151,000
Equity investments in and advances to unconsolidated affiliates	1,060,000	994,000
Total assets	\$ 28,296,000	\$ 26,852,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 796,000	\$ 1,213,000
Accrued liabilities	1,093,000	1,466,000
Total current liabilities	1,889,000	2,679,000
Deferred income taxes	701,000	693,000
Total liabilities	2,590,000	3,372,000
Shareholders' equity		
Common stock, \$.01 par value, 50,000,000 shares authorized, 25,580,955 and 24,509,580 issued and outstanding at June 30, 2007 and December 31, 2006, respectively	255,000	245,000
Additional paid-in capital	26,947,000	25,774,000
Accumulated deficit	(1,496,000)	(2,539,000)
Total shareholders' equity	25,706,000	23,480,000
Total liabilities and shareholders' equity	\$ 28,296,000	\$ 26,852,000

(1) The condensed consolidated balance sheet as of December 31, 2006 has been prepared using information from the audited financial statements at that date.

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

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Alpha Pro Tech, Ltd.

Consolidated Income Statements (Unaudited)

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	For the Three Months Ended		For the Six Months Ended	
	June 30, 2007	2006	June 30, 2007	2006
Net sales	\$ 9,149,000	\$ 9,879,000	\$ 18,193,000	\$ 17,850,000
Cost of goods sold, excluding depreciation and amortization	4,880,000	5,256,000	9,759,000	9,586,000
Gross margin	4,269,000	4,623,000	8,434,000	8,264,000
Expenses:				
Selling, general and administrative	3,385,000	2,719,000	6,608,000	5,214,000
Depreciation and amortization	119,000	112,000	234,000	223,000
Income from operations	765,000	1,792,000	1,592,000	2,827,000
Other income				