

SERVOTRONICS INC /DE/
Form 10-Q
May 14, 2010

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, 2010

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File No. 1-07109

SERVOTRONICS, INC.

(Exact name of registrant as specified in its charter)

Delaware

16-0837866

(I. R. S.

(State or other jurisdiction of

Employer

incorporation or organization)

Identification

No.)

1110 Maple Street

Elma, New York 14059

(Address of principal executive offices)

(716) 655-5990

(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 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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at April 30, 2010
Common Stock, \$.20 par value	2,237,371

INDEX

	Page No.
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements (Unaudited)	3
a) Consolidated Balance Sheets, March 31, 2010 and December 31, 2009	3
b) Consolidated Statements of Income for the three months ended March 31, 2010 and 2009	4
c) Consolidated Statements of Cash Flows for the three months ended March 31, 2010 and 2009	5
d) Notes to Consolidated Financial Statements	6
Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations	14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	17
Item 4T. Controls and Procedures	17
PART II. OTHER INFORMATION	
Item 1. Legal Proceedings	18
Item 1A. Risk Factors	18
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	18
Item 3. Defaults Upon Senior Securities	18
Item 4. Other Information	18
Item 5. Exhibits	18
Signatures	20

SERVOTRONICS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(\$000's omitted except share and per share data)

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$2,767	\$3,825
Certificates of deposit	495	495
Accounts receivable, net	5,548	4,086
Inventories, net	11,286	11,526
Prepaid income taxes	-	205
Deferred income taxes	540	540
Other assets	605	450
Total current assets	21,241	21,127
Property, plant and equipment, net	6,223	6,307
Other non-current assets	307	200
Total Assets	\$27,771	\$27,634
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$321	\$321
Current portion of capital lease related party	79	79
Accounts payable	942	1,115
Accrued employee compensation and benefit costs	1,439	1,059
Accrued income taxes	95	-
Other accrued liabilities	462	855
Total current liabilities	3,338	3,429
Long-term debt	3,343	3,381
Capital lease related party	475	495
Deferred income taxes	515	515
Shareholders' equity:		
Common stock, par value \$.20; authorized 4,000,000 shares; issued 2,614,506 shares; outstanding 1,961,018 (1,961,018 – 2009) shares	523	523
Capital in excess of par value	13,296	13,296
Retained earnings	10,534	10,248
Accumulated other comprehensive loss	(61)	(61)
	24,292	24,006
Employee stock ownership trust commitment	(1,468)	(1,468)
Treasury stock, at cost 377,135 (377,135 – 2009) shares	(2,724)	(2,724)
Total shareholders' equity	20,100	19,814
Total Liabilities and Shareholders' Equity	\$27,771	\$27,634

See notes to consolidated financial statements

SERVOTRONICS, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF INCOME
 (\$000's omitted except share and per share data)
 (Unaudited)

	Three Months Ended March 31,	
	2010	2009
Revenue	\$7,884	\$7,538
Costs, expenses and other income:		
Cost of goods sold, exclusive of depreciation and amortization	5,490	6,139
Selling, general and administrative	1,297	1,079
Interest expense	17	24
Depreciation and amortization	163	139
Other income, net	(15) (29
	6,952	7,352
Income before income tax provision	932	186
Income tax provision	310	61
Net income	\$622	\$125
Income per share:		
Basic		
Net income per share	\$0.32	\$0.06
Diluted		