

BUTLER NATIONAL CORP  
Form 10-Q  
September 14, 2015

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the quarterly period ended July 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 0-1678

BUTLER NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Kansas 41-0834293  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

19920 West 161st Street, Olathe, Kansas 66062  
(Address of principal executive offices)(Zip Code)

Registrant's telephone number, including area code: (913) 780-9595

Former name, former address and former fiscal year if changed since last report:  
Not Applicable

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 twelve 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 T 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 T 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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.:

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Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company  T

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

Yes  No  T

The number of shares outstanding of the Registrant's Common Stock, \$0.01 par value, as of September 4, 2015 was 62,860,098 shares.

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BUTLER NATIONAL CORPORATION AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION  
ITEM 1. FINANCIAL STATEMENTS  
BUTLER NATIONAL CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

As of July 31, 2015 and April 30, 2015

(in thousands except per share data)

	July 31, 2015 (unaudited)	April 30, 2015
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash	\$ 5,584	\$6,195
Accounts receivable	1,934	1,724
Inventories		
Raw materials	5,596	5,277
Work in process	1,108	1,364
Finished goods	363	396
Total inventory	7,067	7,037
Prepaid expenses and other current assets	810	862
Total current assets	15,395	15,818
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land and building	4,071	4,071
Aircraft	7,493	7,493
Machinery and equipment	3,612	3,612
Office furniture and fixtures	5,438	5,396
Leasehold improvements	4,081	4,081
	24,695	24,653
Accumulated depreciation	(13,954)	(13,473)
Total property, plant and equipment	10,741	11,180
SUPPLEMENTAL TYPE CERTIFICATES (net of accumulated amortization of \$3,103 at July 31, 2015 and \$2,975 at April 30, 2015)	6,014	5,863
<b>OTHER ASSETS:</b>		
Deferred tax asset	1,197	1,197
Other assets (net of accumulated amortization of \$4,500 at July 31, 2015 and \$4,050 at April 30, 2015)	7,116	7,540
Total other assets	8,313	8,737
Total assets	\$ 40,463	\$41,598
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Promissory notes	\$ 2,041	\$1,510
Current maturities of long-term debt	2,708	2,412
Accounts payable	1,502	1,874
Customer deposits	559	837
Gaming facility mandated payment	1,035	1,299
Compensation and compensated absences	1,111	1,294
Other current liabilities	197	100

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Total current liabilities	9,153	9,326
LONG-TERM DEBT, NET OF CURRENT MATURITIES:	6,038	6,870
Total liabilities	15,191	16,196
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$5:		
Authorized 50,000,000 shares, all classes		
Designated Classes A and B 200,000 shares	-	-
\$100 Class A, 9.8 %, cumulative if earned liquidation and redemption value \$100, no shares issued and outstanding		
\$1,000 Class B, 6 %, convertible cumulative, liquidation and redemption value \$1,000, no shares issued and outstanding	-	-
Common stock, par value \$.01: authorized 100,000,000 shares issued and outstanding 62,860,098 shares at July 31, 2015 and 62,860,098 shares at April 30, 2015	628	628
Capital contributed in excess of par	13,487	13,487
Treasury stock at cost, 600,000 shares	(732)	(732)
Retained earnings	8,180	8,161
Total stockholders' equity Butler National Corporation	21,563	21,544
Noncontrolling interest in BHCMC, LLC	3,709	3,858
Total stockholders' equity	25,272	25,402
Total liabilities and stockholders' equity	\$ 40,463	\$ 41,598

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

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BUTLER NATIONAL CORPORATION AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014  
(in thousands, except per share data)  
(unaudited)

	THREE MONTHS ENDED July 31,	
	2015	2014
REVENUES:		
Professional Services	\$7,604	\$7,624
Aerospace Products	4,092	4,767
Total revenues	11,696	12,391
COSTS AND EXPENSES:		
Cost of Professional Services	4,503	4,561
Cost of Aerospace Products	3,121	3,498
Marketing and advertising	1,195	1,138
Employee benefits	485	462
Depreciation and amortization	799	861
General, administrative and other	1,232	1,065
Total costs and expenses	11,335	11,585
OPERATING INCOME	361	806
OTHER INCOME (EXPENSE):		
Interest expense	(120)	(289)
Other income (expense), net	1	3
Total other expense	(119)	(286)
INCOME BEFORE INCOME TAXES	242	520
PROVISION FOR INCOME TAXES		
Provision for income taxes	11	136
NET INCOME	231	384
Net income attributable to noncontrolling interest in BHCMC, LLC	(212)	(132)
NET INCOME ATTRIBUTABLE TO BUTLER NATIONAL CORPORATION	\$19	\$252
BASIC EARNINGS PER COMMON SHARE	\$0.00	\$0.00
WEIGHTED AVERAGE SHARES USED IN PER SHARE CALCULATION	62,260,098	61,493,092
DILUTED EARNINGS PER COMMON SHARE	\$0.00	\$0.00
WEIGHTED AVERAGE SHARES USED IN PER SHARE CALCULATION	62,260,098	61,493,092

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

BUTLER NATIONAL CORPORATION AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 FOR THE THREE MONTHS ENDED JULY 31, 2015 AND 2014

(in thousands)

(unaudited)

	THREE MONTHS ENDED July 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$231	\$384
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,059	1,068
Changes in assets and liabilities		
Accounts receivable	(210)	143
Inventories	(30)	(881)
Prepaid expenses and other current assets	26	(143)
Accounts payable	(373)	(13)
Customer deposits	(278)	859
Accrued liabilities	(183)	(69)
Gaming facility mandated payment	(264)	(343)
Other liabilities	97	218
Net cash provided by operating activities	75	1,223
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(321)	(372)
Net cash used in investing activities	(321)	(372)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings of promissory notes, net	531	(209)
Borrowings of long-term debt	70	-
Repayments of long-term debt	(606)	(1,322)
Distribution to non-controlling member	(360)	-
Net cash used in financing activities		