VIDEO DISPLAY CORP
Form 10-Q
October 15, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarterly Period Ended August 31, 2018.

or

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 0-13394

VIDEO DISPLAY CORPORATION

(Exact name of registrant as specified on its charter)

GEORGIA	**58-1217564**
(State or other jurisdiction of	**(I.R.S. Employer**
incorporation or organization)	**Identification No.)**

1868 TUCKER INDUSTRIAL ROAD, TUCKER, GEORGIA 30084

(Address of principal executive offices)

770-938-2080

(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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 31, 2018, the registrant had 5,878,290 shares of Common Stock outstanding.

Video Display Corporation and Subsidiaries

Index

ITEM 1 FINANCIAL STATEMENTS

Video Display Corporation and Subsidiaries

Interim Condensed Consolidated Balance Sheets (unaudited)

(in thousands)

	August 31, 2018 (unaudited)	February 28, 2018
Assets		
Current assets		
Cash and cash equivalents	**$ 13**	$ 81
Trading investments, at fair value	**139**	180
Accounts receivable, less allowance for doubtful accounts of $19 and $19	**1,777**	664
Note receivable due from officers and directors (Note 7)	**200**	191
Inventories, net	**4,357**	4,584
Costs in excess of billings	**41**	
Prepaid expenses and other	**58**	65
Total current assets	**6,585**	5,765
Property, plant, and equipment		
Land	**154**	154
Buildings	**2,753**	2,799
Machinery and equipment	**5,758**	5,753
	8,665	8,706
Accumulated depreciation and amortization	**(7,322)**	(7,243)
Net property, plant, and equipment	**1,343**	1,463
Note receivable due from officers and directors (Note 7)	**296**	398
Investment in real estate partnership-related party (Note 7)		375
Other assets	**6**	26
Total assets	**$ 8,230**	$ 8,027

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

Video Display Corporation and Subsidiaries

Interim Condensed Consolidated Balance Sheets (unaudited) (continued)

(in thousands)

	August 31, 2018 (unaudited)	February 28, 2018
Liabilities and Shareholders Equity		
Current liabilities		
Accounts payable	**$ 1,522**	$ 1,054
Accrued liabilities	**357**	877
Current maturities of long-term debt	**51**	55
Customer deposits	**327**	439
Notes payable to officers and directors (Note 7)	**200**	191
Note payable for acquisition	**100**	100
Line of credit	**411**	227
Deferred rent		60
Total current liabilities	**2,968**	3,003
Long-term debt, less current maturities		23
Notes payable to officers and directors (Note 7)	**583**	398
Other liabilities	**45**	17
Total liabilities	**3,596**	3,441
Shareholders Equity		
Preferred stock, no par value 10,000 shares authorized; none issued and outstanding		
Common stock, no par value 50,000 shares authorized; 9,732 issued and 5,878 outstanding at August 31, 2018 and 9,732 issued and 5,887 outstanding at February 28, 2018	**7,293**	7,293
Additional paid-in capital	**265**	256
Retained earnings	**13,358**	13,309
Treasury stock, shares at cost; 3,854 at August 31, 2018 and 3,845 at February 28, 2018	**(16,282)**	(16,272)
Total shareholders equity	**4,634**	4,586
Total liabilities and shareholders equity	**$ 8,230**	$ 8,027

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

Video Display Corporation and Subsidiaries

Interim Condensed Consolidated Statement of Operations (unaudited)

(in thousands, except per share data)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2018	2017	**2018**	2017
Net sales	**$ 3,321**	$ 3,161	**$ 7,342**	$ 7,058
Cost of goods sold	**2,442**	2,683	**5,467**	5,983
Gross profit	**879**	478	**1,875**	1,075
Operating expenses				
Selling and delivery	**190**	226	**438**	469
General and administrative	**851**	797	**1,692**	1,677
	1,041	1,023	**2,130**	2,146
Operating loss	**(162)**	(545)	**(255)**	(1,071)
Other income (expense)				
Interest income/(expense)	**(8)**	(4)	**(14)**	(8)
Investment income/(loss)	**108**	(7)	**70**	(6)
Other, net	**56**	333	**248**	603
	156	322	**304**	589
(Loss) income before income taxes	**(6)**	(223)	**49**	(482)
Income tax expense (benefit)		(2)		5
Net (loss) income	**$ (6)**	$ (221)	**$ 49**	$ (487)
Net (loss) income per share:				
Net (loss) income per share-basic	**$ (.00)**	$ (0.04)	**$ 0.01**	$ (0.08)
Net (loss) income per share - diluted	**$ (.00)**	$ (0.04)	**$ 0.01**	$ (0.08)
Basic weighted average shares outstanding	**5,880**	5,891	**5,880**	5,891
Diluted weighted average shares outstanding	**5,880**	5,891	**6,080**	5,891

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

Video Display Corporation and Subsidiaries

Interim Condensed Consolidated Statement of Shareholders Equity

Six Months Ended August 31, 2018 (unaudited)

(in thousands)

	Common Shares*	Share Amount	Additional Paid-in Capital	Retained Earnings	Treasury Stock	Total
Balance, February 28, 2018	5,887	$ 7,293	$ 256	$ 13,309	$ (16,272)	$ 4,586
Net income				49		49
Treasury stock purchase	(9)				(10)	(10)
Share based compensation			9			9
Balance, August 31, 2018	5,878	$ 7,293	$ 265	$ 13,358	$ (16,282)	$ 4,634

* Common shares are shown net of treasury shares.

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

Video Display Corporation and Subsidiaries

Interim Condensed Consolidated Statements of Cash Flows (unaudited)

(in thousands)

	Six Months Ended August 31,	
	2018	2017
Operating Activities		
Net income (loss)	**$ 49**	$ (487)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	**138**	119
Provision for doubtful accounts		3
Provision for inventory reserve	**165**	113
Non-cash charge for share based compensation	**9**	48
Deferred rental income	**(60)**	(60)
Realized gain on Unrealized loss on investments	**(60)**	5
Other	**(3)**	
Changes in working capital items:		
Accounts receivable	**(1,113)**	1,144
Note receivable	**93**	85
Inventories	**62**	1,066
Prepaid expenses and other assets	**27**	73
Customer deposits	**(112)**	(297)
Accounts payable and accrued liabilities	**(11)**	(851)
Cost, estimated earnings and billings on uncompleted contracts	**(41)**	
Net cash provided by (used in) operating activities	**(857)**	961
Investing Activities		
Capital expenditures	**(17)**	(343)
Purchases of investments	**(981)**	(1,153)
Investment in LLC		(500)
Sales of investments	**1,168**	1,121
Net cash provided by (used in) investing activities	**170**	(875)
Financing Activities		
Proceeds from related party loans	**287**	
Proceeds from sale of investment in LLC	**375**	
Repayment of loans from related parties	**(94)**	(85)
Repayments of line of long-term debt	**(27)**	
Proceeds from line of credit	**451**	37
Purchase of treasury stock	**(10)**	
Repayments of line of credit	**(267)**	
Payments on marginal float	**(96)**	32

Net cash provided by (used in) financing activities		**619**		(16)
Net change in cash and cash equivalents		**(68)**		70
Cash and cash equivalents, beginning of year		**81**		135
Cash and cash equivalents, end of period	**$**	**13**	$	205

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

Video Display Corporation and Subsidiaries

August 31, 2018

Notes to Interim Condensed Consolidated Financial Statements

Note 1. Summary of Significant Accounting Policies

The interim condensed consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries after elimination of all significant intercompany accounts and transactions.

As contemplated by the Securities and Exchange Commission (the SEC or Commission) instructions to Form 10-Q, the following footnotes have been condensed and, therefore, do not contain all disclosures required in connection with annual consolidated financial statements. Reference should be made to the Company s year-end consolidated financial statements and notes thereto, including a description of the accounting policies followed by the Company, contained in its Annual Report on Form 10-K as of and for the fiscal year ended February 28, 2018, as filed with the Commission. There are no material changes in accounting policy during the six months ended August 31, 2018.

The condensed consolidated financial information included in this report has been prepared by the Company, without audit. In the opinion of management, the interim condensed consolidated financial information included in this report contains all adjustments (all of which are normal and recurring) necessary for a fair presentation of the results for the interim periods. Nevertheless, the results shown for interim periods are not necessarily indicative of results to be expected for the full year. The February 28, 2018 consolidated balance sheet data was derived from the audited consolidated financial statements, but does not include all disclosures required by accounting principles generally accepted in the United States of America (U.S. GAAP).

Effective March 1, 2018 we adopted Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers and the additional related ASUs (ASC 606), which replaces existing revenue guidance and outlines a single set of comprehensive principles for recognizing revenue under GAAP. We elected the modified retrospective method upon adoption with no impact to the opening retained earnings or revenue reported.

The adoption of ASC 606 represents a change in accounting principle that will more closely align revenue recognition with the delivery of the Company s goods and services and will provide the financial statement readers with enhanced disclosures.

These standards provide guidance on recognizing revenue, including a five-step method to determine when revenue recognition is appropriate.

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue as the Company satisfies a performance obligation

ASC 606 provides that revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. We generally satisfy performance obligations upon shipment of the product or service to the customer. This is consistent with the time in which the customer obtains control of the product or service. For service contracts, which are transferred to the customer over time, revenue is recognized over time as the services are performed. Some contracts include installation services, which are completed in a short period of time and the revenue is recognized when the installation is complete. Customized products with no alternative future use to the Company, and that have an enforceable right to payment for performance completed to date, are also recorded over time. The Company considers this to be a faithful depiction of the transfer to the customer of revenue over time as the work or service is performed. Revenue is recognized as performance obligations are met, which includes design, manufacture of product/system, installation and set-up. In certain cases, we recognize revenue using the percentage-of-completion method of accounting. These are fixed price contracts. These types of contracts are satisfied over time. Based on the nature of products provided or services performed, revenue is recognized as costs are incurred (the percentage of completion cost to cost method).

Video Display Corporation and Subsidiaries

August 31, 2018

Revenue is measured as the amount of consideration the Company expects to receive in exchange for the transfer of goods or services. Performance obligations in a contract are identified based on the products or services that are transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the product or service on its own or together with other resources and are distinct from other promises in the contract.

Note 2. Financial Condition and Going Concern

The accompanying interim condensed consolidated financial statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Even though the Company reported a small profit for the six month period ending August 31, 2018 and a slight increase in working capital for the six month period, the Company has sustained losses for each of the last three fiscal years and has seen overall a decline in working capital and liquid assets during this three year period. Annual losses over this time are due to a combination of decreasing revenues across certain divisions without a commensurate reduction of expenses. The Company s working capital and liquid asset position are presented below (in thousands) as of August 31, 2018 and February 28, 2018:

	August 31, 2018	February 28, 2018
Working capital	**$ 3,617**	$ 2,762
Liquid assets	**$ 152**	$ 261

Management has implemented a plan to improve the liquidity of the Company. The Company has been fulfilling a plan to increase revenues at all the divisions, each structured to the particular division which has resulted with an increase in the current backlog and growth in revenues. The Company has reduced other expenses at the divisions, as well as at the corporate location with the expectation that further decreases can be achieved. The Company has completed the merger of the two Florida businesses into one facility and the relocation of Lexel Imaging into a new facility. These changes are projected to realize annual savings through reduced expenses. Management continues to explore options to monetize certain long-term assets of the business. If additional and more permanent capital is required to fund the operations of the Company, no assurance can be given that the Company will be able to obtain the capital on terms favorable to the Company, if at all.

The ability of the Company to continue as a going concern is dependent upon the success of management s plans to improve revenues, the operational effectiveness of continuing operations, the procurement of suitable financing, or a combination of these. The uncertainty regarding the potential success of management s plan create substantial doubt about the ability of the Company to continue as a going concern.

Video Display Corporation and Subsidiaries

August 31, 2018

Note 3. Fair Value Measurements and Financial Instruments

The Financial Accounting Standards Board s (FASB s) fair value measurement guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance describes three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Assets measured at fair value on a recurring basis by the Company consist of investment securities held for trading using Level 1 inputs. The following table sets forth financial assets and liabilities that were accounted for at fair value on a recurring basis as of August 31, 2018 and February 28, 2018 (in thousands):

	August 31, 2018	Level 1 Assets and Liabilities	Level 2 Assets and Liabilities	Level 3 Assets and Liabilities
Current trading investments:				
Stocks, options and ETF (long)	149	149		
Total value of investments	$ 149	$ 149		
Current Liabilities:				
Margin balance	(10)	(10)		
Total value of liabilities	(10)	(10)		
Total	$ 139	$ 139		

	February 28, 2018	Level 1 Assets and	Level 2 Assets and	Level 3 Assets and

		Liabilities	Liabilities	Liabilities
Current trading investments:				
Stocks, options and ETF (long)	291	291		
Stocks, options and ETF (short)	(5)	(5)		
Total value of investments	$ 286	$ 286		
Current Liabilities:				
Margin balance	(106)	(106)		
Total value of liabilities	(106)	(106)		
Total	$ 180	$ 180		

The Company s financial instruments which are not measured at fair value on the consolidated balance sheets include cash, accounts receivable, short-term liabilities, and debt. The estimated fair value of these financial instruments were determined using Level 2 inputs and approximate cost due to the short period of time to maturity. Recorded amounts of long-term debt are considered to approximate fair value due to either interest rates that fluctuate with the market or are otherwise commensurate with the current market.

Video Display Corporation and Subsidiaries

August 31, 2018

Note 4. Recent Accounting Pronouncements

In May, 2014, the FASB issued ASU 2014-09, which created a single, comprehensive revenue recognition model for recognizing revenue from contracts with customers. The standard was effective for interim and annual reporting periods beginning after December 15, 2017 and may be adopted either retrospectively or on a modified retrospective basis. ASU 2014-09 did not result in a significant change in the judgement or timing associated with the recognition of revenue from the sale of the Company s products or services. The Company adopted ASU 2014-09 on March 1, 2018. See Note 1 for additional information.

In February 2016, the FASB issued ASU 2016-02, Leases . ASU 2016-02 increases transparency and comparability among organizations by requiring entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about the lease arrangements. The guidance is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. The Company is in the process of evaluating the impact of this guidance on the Company s consolidated financial statements.

Note 5. Inventories

Inventories are stated at the lower of cost (first in, first out) or market and consisted of the following (in thousands):

	August 31, 2018	February 28, 2018
Raw materials	**$ 4,237**	$ 4,657
Work-in-process	**709**	403
Finished goods	**975**	923
	5,921	5,983
Reserves for obsolescence	**(1,564)**	(1,399)
	$ 4,357	$ 4,584

Note 6. Long-Term Debt and Other Obligations

The Company has a $0.5 million line of credit with the Brand Banking Company with a current balance of $0.4 million at August 31, 2018. The line matures on December 13, 2018, is personally guaranteed by the Chief Executive Officer and has an interest rate of LIBOR plus 3.75%.

The Company has outstanding debt current of $0.1 million related to a previous acquisition secured by a building owned by its subsidiary, Teltron Technologies, Inc. in Birdsboro, PA.

The Company had $0.01 margin account borrowing as of August 31, 2018 and $0.1 million as of February 28, 2018. The margin account borrowings are used to purchase marketable equity securities and are netted against the investments in the balance sheet to show net trading investments. The gross investments were $0.3 million leaving net investments of $0.2 million after the margin account borrowings of $0.1 million at February 28, 2018. The margin interest rate is 3.75%.

Video Display Corporation and Subsidiaries

August 31, 2018

Long-term debt consisted of the following (in thousands):

	August 31, 2018	February 28, 2018
Mortgage payable to bank; interest rate at BB&T Bank base rate plus 0.5% (5.25% as of August 31, 2018); monthly principal and interest payments of $5 thousand payable through July, 2019; collateralized by land and building of Teltron Technologies, Inc.	**$ 51**	$ 78
	51	78
Less current maturities	**(51)**	(55)
	$	$ 23

Note 7. Related Party Transactions

On March 30, 2016, the Company entered into an assignment with recourse of the note receivable from Z-Axis Inc. (Z-Axis) with Ronald D. Ordway, CEO, and Jonathan R. Ordway, related parties, for the sum of $912 thousand. The note receivable is collateralized by a security interest in the shares of Z-Axis as well as a personal guaranty of its majority shareholder. Z-Axis is current on all scheduled payments regarding this note. The Company retains the right to repurchase the note at any time for 80% of the outstanding principle balance. Also, in the event of default by Z-Axis, the Company is obligated to repurchase the note for 80% of the remaining principle balance plus any accrued interest. Accordingly, the Company has recognized this transaction as secured borrowing in accordance with the provisions of ASC 860-10. The $ 0.9 million, 9% interest rate, note originated on March 30, 2016, with payments beginning on April 16, 2016 and continuing for 56 months thereafter. The balance of the note was $496 thousand and $589 thousand as of August 31, 2018 and February 28, 2018, respectively.

For the six months ending August 31, 2018, the Company borrowed $287 thousand from Ronald D. Ordway, the CEO of the Company. As of August 31, 2018, the Company owes in aggregate $783 thousand to officers and directors.

On July 3, 2017, the Company and Ordway Properties, LLC purchased Honeyhill Properties, LLC which is the owner of the building at 510 Henry Clay Blvd. in Lexington, KY for $1,500,000. Video Display Corporation invested $500,000 towards the purchase price and accounted for the investment under the cost method since Ordway Properties, LLC was the majority owner. During the period ending November 30, 2017 the Company reduced its share in the LLC by $125,000, selling to Ordway Properties, LLC. In addition, during the period ending May 31, 2018, the Company s sold its remaining $375,000 ownership interest to Ordway Properties, LLC receiving $166,457 in cash and $208,543 in forgiveness of rent that was accrued and owed. There was no gain or loss on the sale. The building is the facility for the Company s Lexel Imaging subsidiary, which had previously signed a five (5) year lease agreement with Honeyhill Properties, LLC on June 15, 2017.

12

Video Display Corporation and Subsidiaries

August 31, 2018

Note 8. Supplemental Cash Flow Information

Supplemental cash flow information is as follows (in thousands):

	Six Months Ended August 31,	
	2018	2017
Cash paid for:		
Interest	**$ 13**	$ 8
Non-cash activity:		
Note receivable paid directly to officer	**$ 94**	85
Note payable to officer	**$ 94**	85
Reduction of accrued rent in lieu of cash received resulting from sale of remaining interest in Honeyhill interest (Note 7)	**$ 209**	
Imputed interest expense	**$ 25**	33
Imputed interest income	**$ (25)**	(33)
Capital additions transferred from inventory	**$**	113

Note 9. Shareholder s Equity

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing income or loss available to common shareholders by the weighted average number of common shares outstanding during each period. Shares issued during the period are weighted for the portion of the period that they were outstanding. Diluted earnings (loss) per share is calculated in a manner consistent with that of basic earnings (loss) per share while giving effect to all potentially dilutive common shares that were outstanding during the period.

The Company excluded all common equivalent shares to purchase common stock from the calculation of diluted net loss per share because all securities are anti-dilutive for the three months ended August 31, 2018 and 2017 and for the six months ended August 31, 2017. For the six months ended August 31, 2018, there were 200,000 common equivalent shares included in diluted earnings per share. In addition, the number of anti-dilutive common equivalent shares during 2018 and 2017 was immaterial.

Stock-Based Compensation Plans

For the six-month period ended August 31, 2018 and 2017, the Company recognized general and administrative expenses of $9 thousand and $48 thousand, respectively, related to share-based compensation. As of August 31, 2018, and August 31, 2017 total unrecognized compensation costs related to stock options granted was $16 thousand and $45 thousand, respectively. The unrecognized stock option compensation cost is expected to be recognized over a period of approximately 2 years.

The Company estimates the fair value of stock options granted using the Black-Scholes option-pricing model, which requires the Company to estimate the expected term of the stock option grants and expected future stock price volatility over the term. The term represents the expected period of time the Company believes the options will remain outstanding

Video Display Corporation and Subsidiaries

August 31, 2018

based on historical information. Estimates of expected future stock price volatility are based on the historic volatility of the Company s common stock, which represents the standard deviation of the differences in the weekly stock closing price, adjusted for dividends and stock splits.

No options were granted for the six month period ending August 31, 2018 with 200,000 options granted during the six month period ended August 31, 2017.

Stock Repurchase Program

The Company has a stock repurchase program, pursuant to which it had been authorized to repurchase up to 2,632,500 shares of the Company s common stock in the open market. On January 20, 2014, the Board of Directors of the Company approved a one-time continuation of the stock repurchase program, and authorized the Company to repurchase up to 1,500,000 additional shares of the Company s common stock in the open market. There is no minimum number of shares required to be repurchased under the program.

For the six months ending August 31, 2018, the Company repurchased 8,858 shares at an average cost of $1.12 per share and for the six months ending August 31, 2017, the Company did not purchase any shares of the Video Display Corporation stock. Under the Company s stock repurchase program, an additional 490,186 shares remain authorized to be repurchased by the Company at August 31, 2018.

Note 10. Income Taxes

Due to the Company s overall and historical net loss position, no income tax expense was reported for the six month period ending August 31, 2018 with only $5 thousand reported for the comparable period in the prior period. Due to continued losses reported by the Company, a full valuation allowance was allocated to the deferred tax asset created by these losses. Income tax expense reported during the six month period ending August 31, 2017 resulted from state taxes owed related to the Lexel Imaging subsidiary which is located in Kentucky, due to profitability reported related to Lexel in 2017 with no offsetting state net operating losses. There was no similar income tax expense reported for fiscal 2018 due to net operating losses generated by Lexel.

Note 11. Legal Proceedings

The Company is involved in various legal proceedings related to claims arising in the ordinary course of business. We are not currently a party to any legal proceedings the result of which we believe is likely to have a material adverse impact on our business, financial position, results of operation or cash flows.

Video Display Corporation and Subsidiaries

August 31, 2018

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the attached interim condensed consolidated financial statements and with the Company s 2018 Annual Report to Shareholders, which included audited condensed consolidated financial statements and notes thereto as of and for the fiscal year ended February 28, 2018, as well as Management s Discussion and Analysis of Financial Condition and Results of Operations.

Overview

The Company manufactures and distributes a wide range of display devices, encompassing, among others, industrial, military, medical, and simulation display solutions. The Company is comprised of one segment the manufacturing and distribution of displays and display components. The Company is organized into five interrelated operations aggregated into one reportable segment.

Simulation and Training Products offers a wide range of projection display systems for use in training and simulation, military, medical, entertainment and industrial applications.

Cyber Secure Products offers advanced TEMPEST technology, and (EMSEC) products. This business also provides various contract services including the design and testing solutions for defense and niche commercial uses worldwide.

Data Display CRTs offers a wide range of CRTs for use in data display screens, including computer terminal monitors and medical monitoring equipment.

Broadcast and Control Center Products offers high-end visual display products for use in video walls and command and control centers.

Other Computer Products offers a variety of keyboard products.

During fiscal 2019, management of the Company is focusing key resources on strategic efforts to grow its business through internal sales of the Company s more profitable product lines and reduce expenses in all areas of the business to bring its cost structure in line with the current size of the business. Challenges facing the Company during these efforts include:

Liquidity The accompanying interim condensed consolidated financial statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Even though the Company reported a small profit for the six month period ending August 31, 2018 and a slight increase in working capital and liquid assets for the six month period, the Company has sustained losses for each of the last three fiscal years and has seen overall a decline in working capital and liquid assets during this three year period. Annual losses over this time are due to a combination of decreasing revenues across certain divisions without a commensurate reduction of expenses. The Company s working capital and liquid asset position are presented below (in thousands) as of August 31, 2018 and February 28, 2018:

	August 31, 2018	February 28, 2018
Working capital	**$ 3,617**	$ 2,762
Liquid assets	**$ 152**	$ 261

Video Display Corporation and Subsidiaries

August 31, 2018

Management has implemented a plan to improve the liquidity of the Company. The Company has been fulfilling a plan to increase revenues at all the divisions, each structured to the particular division which has resulted with an increase in the current backlog and growth in revenues. The Company has reduced other expenses at the divisions, as well as at the corporate location with the expectation that further decreases can be achieved. The Company has completed the merger of the two Florida businesses into one facility and the relocation of Lexel Imaging into a new facility. These changes are projected to realize annual savings through reduced expenses. Management continues to explore options to monetize certain long-term assets of the business. If additional and more permanent capital is required to fund the operations of the Company, no assurance can be given that the Company will be able to obtain the capital on terms favorable to the Company, if at all.

The ability of the Company to continue as a going concern is dependent upon the success of management s plans to improve revenues, the operational effectiveness of continuing operations, to liquidate the subsidiary noted above, the procurement of suitable financing, or a combination of these. The uncertainty regarding the potential success of management s plan create substantial doubt about the ability of the Company to continue as a going concern.

Inventory management The Company s business units utilize different inventory components than the divisions had in the past. The Company has a monthly reserve at each of its divisions to offset any obsolescence although most purchases are for current orders, which should reduce the amount of obsolescence in the future. The Company still has CRT inventory in stock and component parts for legacy products, although it believes the inventory will be sold in the future, will continue to reserve for any additional obsolescence. Management believes its inventory reserves at August 31, 2018 and February 28, 2018 are adequate.

Results of Operations

The following table sets forth, for the three and six months ended August 31, 2018 and 2017, the percentages that selected items in the Interim Condensed Consolidated Statement of Operations bear to total sales:

	Three Months Ended August 31,		**Six Months Ended August 31,**	
	2018	2017	**2018**	2017
Sales				
Simulation and Training (VDC Display Systems)	**42.6%**	27.6%	**42.7%**	23.2
Data Display CRT (Lexel and Data Display)	**12.9**	29.7	**12.7**	40.5
Broadcast and Control Centers (AYON Visual)	**1.6**	3.5	**2.4**	12.0
Cyber Secure Products (AYON Cyber Security)	**33.1**	39.2	**32.9**	24.3
Other Computer Products (Unicomp)	**9.8**		**9.3**	
Total Company	**100.0%**	100.0%	**100.0%**	100.0
Costs and expenses				
Cost of goods sold	**73.5%**	84.9%	**74.5%**	84.8
Selling and delivery	**5.7**	7.2	**6.0**	6.6

General and administrative	**25.6**	25.2	**23.0**	23.8
	104.8%	117.3%	**103.5%**	115.2
Operating loss	**(4.8)%**	(17.3)%	**(3.5)%**	(15.2)
Interest income/expense	**(0.3)%**	(0.1)%	**(0.2)%**	(0.1)
Other income, net	**4.9**	10.3	**4.3**	8.5
(Loss) income before income taxes	**(0.2)%**	(7.1)%	**0.7%**	(6.8)
Income tax benefit/expense		(0.1)		0.1
Net (loss) income	**(0.2)%**	(7.0)%	**0.7%**	(6.9)

Video Display Corporation and Subsidiaries

August 31, 2018

Net sales

Consolidated net sales increased 4.0% for the six months ended August 31, 2018 and 5.0% for the three months ended August 31, 2018 compared to the six months and three months ended August 31, 2017. The Company s AYON Cyber Security (ACS) division is up 40.7% for the six months ending August 31, 2018 compared to the six months last year. Their business has been steadily growing over the past year and their backlog was $3.0 million at August 31, 2018. For the three months ending August 31, 2018 ACS was down 11.3% because some orders were unable to ship because a customer was changing their testing procedure. The Display Systems division was up by 91.8% and 62.4% for the six months and three months ended August 31, 2018 compared to the comparable periods last year. The division had strong sales with their top customer, Lockheed Martin, which accounted for 53.0% of their sales this year. They are working on other projects with them and expect to continue to do well with this account. The Data Display division showed a decrease of 67.3% and 54.2% for the six months and three months ended August 31, 2018 due to decreases throughout their customer base, the completion of a large long term order with a foreign customer by the Lexel division, and the sale of certain assets of the Lexel division. The Lexel division will expect less revenues going forward as certain assets and business were sold in June, 2017 and the division is also uncertain of orders from one of their large customers. They have received some large orders from foreign customers which should help with their sales for the remainder of the fiscal year. AYON Visual Solution s (AVS) sales decreased by 79.3% and 51.6% for the six months and three months ended August 31, 2018. This division s sales are primarily driven by large contracts. It had none in the six months ended August 31, 2018 and had competed one in the first quarter last year. The division has one large contract of $1.2 million for which they have been promised the purchase order in October. The contract should be fulfilled in the Company s fourth quarter. The division s primary supplier was sold to a competitor of the Company, so the future of this division is uncertain. AVS does have a certain amount of potential business in the works. The other increase in sales was from the Company s new keyboard division, which posted sales of $0.7 million and $0.3 million for the six months and three months ended August 31, 2018 respectively. The Company acquired this company in October of 2017. This division is expected to continue at this level of sales each quarter.

Gross margins

Consolidated gross margins increased both as a percentage to sales (25.5% to 15.3%) and actual dollars ($1,875 thousand to $1,075 thousand) for the six months ended August 31, 2018 compared to the six months ended August 31, 2017. Gross margins increased for the three months ended August 31, 2018 compared to the three months ended August 31, 2017, both as a percentage to sales (26.5% to 15.2%) and actual dollars, ($879 thousand to $478 thousand).

The two Florida divisions performed well as the move to one facility is showing results. Both divisions showed large increases in both their gross margin percentage to sales and in actual dollars. AYON Cyber Security (ACS) gross margin percentage was 50.5% compared to 24.9% and the gross margin dollars were $1,220 thousand compared to $428 thousand for the six months ended August 31, 2018 compared to the six months ended August 31, 2017. For the three months ended August 31, 2018 compared to the same period last year, ACS gross margin percentage was 54.9% compared to 33.7% and gross margin dollars were $604 thousand compared to $418 thousand. VDC Display Systems (VDCDS) gross margin percentage was 13.1% compared 3.6% and the gross margin dollars were $411 thousand compared to $59 thousand for the six months ended August 31, 2018 compared to the six months ended August 31, 2017. For the three months ended August 31, 2018 compared to the same period last year, VDCDS gross margin percentage was 6.3% compared to 3.4%. Gross margin dollars were $90 thousand compared to $29 thousand. The new keyboard division, Unicomp, had $312 thousand of gross margin dollars or 45.8% to sales for the six months ended August 31, 2018 and $155 thousand of gross margin dollars or 47.9%.

Video Display Corporation and Subsidiaries

August 31, 2018

The other two divisions had an erosion of margins due to poor sales as discussed in the sales section above. The Data Display division was down $450 thousand in gross margin dollars and the AYON Visual Solution (AVS) division was down $205 thousand for the six months ended August 31, 2018. The Data Division is expected to do better in the next quarter as the Lexel facility is expected to do better as a result of the foreign orders discussed in the sales section above and AVS is expecting the large order soon which will help improve their margins.

Operating expenses

Operating expenses decreased by 0.7% or $16 thousand for the six months ended August 31, 2018 compared to the six months ended August 31, 2017. The decrease was due to legal expenses of $133 thousand associated with the bankruptcy proceedings with Lexel Imaging and the legal expenses for the sale of certain assets of Lexel Imaging in the first quarter last year offset by higher engineering salaries at AYON Cyber Security and additional administration expenses of $257 thousand at Unicomp, the acquired keyboard division. Operating expenses increased by 1.6% or $18 thousand for the three months ended August 31, 2018 compared to the three months ended August 31, 2018. The Company expects to continue to reduce costs while increasing revenues with the completion of the consolidation of its two Florida businesses to one location, the move of Lexel Imaging to a much lower cost facility and further consolidation of operations by merging the two Tucker business units, one into Lexel Imaging and the other into the Florida operations in the upcoming quarter.

Interest expense

Interest expense was $14 thousand for the six months ending August 31, 2018 and $8 thousand for the three months ending August 31, 2017 and $8 thousand for the six months ending August 31, 2018 and $4 for the three months ending August 31, 2017. The interest expense is related to the balance owed on a building the Company owns in Pennsylvania, the line of credit at the Company s bank and the interest on the margin balance in the Company s investment account, which is a 3.75% rate.

Other Income/expense

For the six months ended August 31, 2018, the Company had $113 thousand in royalty income, $88 thousand in rental income, $33 thousand on the gain on the sale of equipment and $14 thousand in other and $70 in investment gains including dividends. For the three months ended August 31, 2018 the Company had $53 thousand in rental income, $6 thousand in dividend income, $102 thousand in investment gains and $3 thousand in other. For the six months ended August 31, 2017, the Company earned $294 thousand on the sale of certain assets to a competitor, $208 thousand on royalties, $71 thousand in rental income and another net of $24 thousand on other income and expenses. For the three months ended August 31, 2017 the Company had other income of $326 thousand dollars, primarily $294 thousand on the sale of certain assets of Lexel Imaging.

Income taxes

Due to the Company s overall and historical net loss position, no income tax expense was reported for the six month period ending August 31, 2018 with only $5 thousand reported for the comparable period in the prior year. Due to continued losses reported by the Company, a full valuation allowance was allocated to the deferred tax asset created by these losses. Income tax expense reported during the six month period ending August 31, 2017 resulted from state taxes owed related to the Lexel Imaging subsidiary which is located in Kentucky, due to profitability reported related to Lexel in 2018 with no offsetting state net operating losses. There was no similar income tax expense reported for fiscal 2019 due to net operating losses generated by Lexel.

Video Display Corporation and Subsidiaries

August 31, 2018

Liquidity and Capital Resources

The accompanying interim condensed consolidated financial statements were prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Even though the Company reported a small profit for the six month period ending August 31, 2018 and a slight increase in working capital and liquid assets for the six month period, the Company has sustained losses for each of the last three fiscal years and has seen overall a decline in working capital and liquid assets during this three year period. Annual losses over this time are due to a combination of decreasing revenues across certain divisions without a commensurate reduction of expenses. The Company s working capital and liquid asset position are presented below (in thousands) as of August 31, 2018 and February 28, 2018:

	August 31, 2018	February 28, 2018
Working capital	**$ 3,617**	$ 2,762
Liquid assets	**$ 152**	$ 261

Management has implemented a plan to improve the liquidity of the Company. The Company has been fulfilling a plan to increase revenues at all the divisions, each structured to the particular division which has resulted with an increase in the current backlog and growth in revenues. The Company has reduced other expenses at the divisions, as well as at the corporate location with the expectation that further decreases can be achieved. The Company has completed the merger of the two Florida businesses into one facility and the relocation of Lexel Imaging into a new facility. These changes are projected to realize annual savings through reduced expenses. Management continues to explore options to monetize certain long-term assets of the business. If additional and more permanent capital is required to fund the operations of the Company, no assurance can be given that the Company will be able to obtain the capital on terms favorable to the Company, if at all.

The ability of the Company to continue as a going concern is dependent upon the success of management s plans to improve revenues, the operational effectiveness of continuing operations, to liquidate the subsidiary noted above, the procurement of suitable financing, or a combination of these. The uncertainty regarding the potential success of management s plan create substantial doubt about the ability of the Company to continue as a going concern.

Cash used by operations for the six months ended August 31, 2018 was $0.9 million. The net loss from operations was $0.0 million and adjustments to reconcile net income to net cash were $0.2 million including inventory reserves, depreciation and non-cash charges for share based compensation. Changes in working capital used $1.1 million, primarily due to an increase in accounts receivable of $1.1 million, an increase in customer deposits of $0.1 million, offset by smaller adjustments totaling $0.1 million. Cash provided by operations for the six months ended August 31, 2017 was $1.0 million.

Investing activities provided $0.2 million. $1.0 million was used for the purchase of investment securities offset by $1.2 million for the sale of investment securities for the six months ended August 31, 2018. Investing activities used $0.9 million during the six months ended August 31, 2017.

Financing activities provided $0.6 million for the six months ended August 31, 2018. The sale of an LLC provided $0.4 million, loans from the Company s CEO provided another $0.3 million and borrowings from the line of credit provided $0.4 million. This was offset by repayments to the line of credit of $0.3 million, repayment of margin borrowing in the Company s investment account of $0.1 million and repayment of other debt including related parties of $0.1 million Financing activities were negligible for the six months ended August 31, 2017.

Video Display Corporation and Subsidiaries

August 31, 2018

The Company has a stock repurchase program, pursuant to which it has been authorized to repurchase up to 2,632,500 shares of the Company s common stock in the open market. On January 20, 2014, the Board of Directors of the Company approved a one-time continuation of the stock repurchase program, and authorized the Company to repurchase up to 1,500,000 additional shares of the Company s common stock on the open market, depending on the market price of the shares. There is no minimum number of shares required to be repurchased under the program.

For the six months ending August 31, 2018, the Company repurchased 8,858 shares at an average cost of $1.12 per share and for the six months ending August 31, 2017, the Company did not purchase any shares of the Video Display Corporation stock. Under the Company s stock repurchase program, an additional 490,186 shares remain authorized to be repurchased by the Company at August 31, 2018.

Critical Accounting Estimates

Management s Discussion and Analysis of Financial Condition and Results of Operations are based upon the Company s interim condensed consolidated financial statements. These interim condensed consolidated financial statements have been prepared in accordance with U.S. GAAP. These principles require the use of estimates and assumptions that affect amounts reported and disclosed in the interim condensed consolidated financial statements and related notes. The accounting policies that may involve a higher degree of judgments, estimates, and complexity include reserves on inventories, revenue recognition, and the sufficiency of the valuation reserve related to deferred tax assets. The Company uses the following methods and assumptions in determining its estimates:

Reserves on Inventories

Reserves on inventories result in a charge to operations when the estimated net realizable value declines below cost. Management regularly reviews the Company s investment in inventories for declines in value and establishes reserves when it is apparent that the expected net realizable value of the inventory falls below its carrying amount. Management reviews inventory levels on a quarterly basis. Such reviews include observations of product development trends of the original equipment manufacturers, new products being marketed, and technological advances relative to the product capabilities of the Company s existing inventories. Management believes its inventory reserves at August 31, 2018 and February 28, 2018 are adequate.

Revenue Recognition

Effective March 1, 2018 we adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* and the additional related ASUs (ASC 606), which replaces existing revenue guidance and outlines a single set of comprehensive principles for recognizing revenue under GAAP. These standards provide guidance on recognizing revenue, including a five-step method to determine when revenue recognition is appropriate. ASC 606 provides that revenue is recognized when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. We generally satisfy performance obligations upon delivery of the product or service to the customer. This is consistent with the time in which the customer obtains control of the product or service. In certain cases, we recognize revenue using the percentage-of-completion method of accounting. Based on the nature of products provided or services performed, revenue is recognized as costs are incurred (the percentage of completion cost to cost method). We elected the modified retrospective method upon adoption with no impact to the opening retained earnings or revenue reported.

Other Loss Contingencies

Other loss contingencies are recorded as liabilities when it is probable that a liability has been incurred and the amount of the loss is reasonably estimable. Disclosure is required when there is a reasonable possibility that the ultimate loss will exceed the recorded provision. Contingent liabilities are often resolved over long time periods. Estimating probable losses requires analysis of multiple factors that often depend on judgments about potential actions by third parties.

Video Display Corporation and Subsidiaries

August 31, 2018

Income Taxes

Deferred income taxes are provided to reflect the tax consequences in future years of differences between the tax bases of assets and liabilities and their financial reporting amounts based on enacted tax laws and statutory tax rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. As of August 31, 2018 and February 28, 2018 the Company has established a valuation allowance of $5.8 million for both periods on the Company s current and non-current deferred tax assets.

The Company accounts for uncertain tax positions under the provisions of ASC 740, which contains a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount, which is more than 50% likely of being realized upon ultimate settlement. The Company considers many factors when evaluating and estimating the Company s tax positions and tax benefits, which may require periodic adjustments. At August 31, 2018, the Company did not record any liabilities for uncertain tax positions.

Recent Accounting Pronouncements

In May, 2014, the FASB issued ASU 2014-09, which created a single, comprehensive revenue recognition model for recognizing revenue from contracts with customers. The standard was effective for interim and annual reporting periods beginning after December 15, 2017 and may be adopted either retrospectively or on a modified retrospective basis. ASU 2014-09 did not result in a significant change in the judgement or timing associated with the recognition of revenue from the sale of the Company s products or services. The Company adopted ASU 2014-09 on March 1, 2018. See Note 1 for additional information.

In February 2016, the FASB issued ASU 2016-02, Leases . ASU 2016-02 increases transparency and comparability among organizations by requiring entities to recognize lease assets and lease liabilities on the balance sheet and disclose key information about the lease arrangements. The guidance is effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period. Early adoption is permitted. The Company is in the process of evaluating the impact of this guidance on the Company s consolidated financial statements.

Forward-Looking Information and Risk Factors

This report contains forward-looking statements and information that is based on management s beliefs, as well as assumptions made by, and information currently available to management. When used in this document, the words anticipate, believe, estimate, intends, will, and expect and similar expressions are intended to identify forwar statements. Such statements involve a number of risks and uncertainties. These risks and uncertainties, which are included under Part I, Item 1A. Risk Factors in the Company s Annual Report on Form 10-K for the year ended February 28, 2018 could cause actual results to differ materially.

21

Video Display Corporation and Subsidiaries

August 31, 2018

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company s primary market risks include changes in technology. The Company operates in an industry which is continuously changing. Failure to adapt to the changes could have a detrimental effect on the Company.

ITEM 4. CONTROLS AND PROCEDURES

Our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) are designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Securities Exchange Act of 1934, such as this quarterly report on Form 10-Q, is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms. Our disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our chief executive officer and chief financial officer, to allow timely decisions regarding required disclosure.

Our chief executive officer and chief financial officer have conducted an evaluation of the effectiveness of our disclosure controls and procedures as of August 31, 2018. We perform this evaluation on a quarterly basis so that the conclusions concerning the effectiveness of our disclosure controls and procedures can be reported in our annual report on Form 10-K and quarterly reports on Form 10-Q. Based on this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of August 31, 2018.

Changes in Internal Controls

There have not been any changes in our internal controls over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Video Display Corporation and Subsidiaries

August 31, 2018

PART II

Item 1. Legal Proceedings
None.

Item 1A. Risk Factors
Information regarding risk factors appears under the caption Forward-Looking Statements and Risk Factors in Part I, Item 2 of this Form 10-Q and in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended February 28, 2018. There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds
None.

Item 3. Defaults upon Senior Securities
None.

Item 4. Submission of Matters to a Vote of Security Holders
None.

Item 5. Other information
None.

Item 6. Exhibits

Exhibit Number	**Exhibit Description**

3(a)	Articles of Incorporation of the Company (incorporated by reference to Exhibit 3A to the Company s Registration Statement on Form S-18 filed January 15, 1985).(P)
3(b)	By-Laws of the Company (incorporated by reference to Exhibit 3B to the Company s Registration Statement on Form S-18 filed January 15, 1985).(P)
10(a)	Lease dated April 1, 2015 by and between Registrant (Lessee) and Ronald D. Ordway (Lessor) with respect to premises located at 1868 Tucker Industrial Road, Tucker, Georgia. (incorporated by reference to Exhibit 10(c) to the Company s 2015 Annual Report on Form 10-K.)
10(b)	Lease dated February 19, 2015 by and between Registrant (Lessee) and Ordway Properties LLC (Lessor) with respect to premises located at 5155 King Street, Cocoa, FL. (incorporated by reference to Exhibit 10(g) to the Company s 2015 Annual Report on Form 10-K.)
10(c)	Video Display Corporation 2006 Stock Incentive Plan. (incorporated by reference to Appendix A to the Company s 2006 Proxy Statement on Schedule 14A)
31.1	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	VIDEO DISPLAY CORPORATION
October 15, 2018	By: /s/ Ronald D. Ordway Ronald D. Ordway Chief Executive Officer
October 15, 2018	By: /s/ Gregory L. Osborn Gregory L. Osborn Chief Financial Officer