

PATRICK INDUSTRIES INC
Form 10-Q
August 12, 2009

UNITED STATES

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 QUARTERLY PERIOD ENDED JUNE 28, 2009

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 000-03922

PATRICK INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

INDIANA
(State or other jurisdiction of
incorporation or organization)

35-1057796
(I.R.S. Employer
Identification No.)

107 WEST FRANKLIN STREET, P.O. Box 638, ELKHART, IN

46515

Edgar Filing: PATRICK INDUSTRIES INC - Form 10-Q

(Address of principal executive offices)

(ZIP Code)

Edgar Filing: PATRICK INDUSTRIES INC - Form 10-Q

(574) 294-7511

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 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, 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

As of July 31, 2009, there were 9,146,939 shares of the registrant's common stock outstanding.

PATRICK INDUSTRIES, INC.

TABLE OF CONTENTS

PART I. FINANCIAL INFORMATION

	<u>Page No.</u>
ITEM 1. FINANCIAL STATEMENTS	
Condensed Consolidated Statements of Financial Position June 28, 2009 (Unaudited) and December 31, 2008	3
Condensed Consolidated Statements of Operations (Unaudited) Second Quarter and Six Months Ended June 28, 2009 and June 29, 2008	4
Condensed Consolidated Statements of Cash Flows (Unaudited) Six Months Ended June 28, 2009 and June 29, 2008	5
Notes to Condensed Consolidated Financial Statements (Unaudited)	6-16
ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	16-30
ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	30
ITEM 4. CONTROLS AND PROCEDURES	30
ITEM 4T. CONTROLS AND PROCEDURES	30

PART II: OTHER INFORMATION

ITEM 1A. RISK FACTORS	30
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	31
ITEM 6. EXHIBITS	31
SIGNATURES	32

Exhibit Index:

Exhibit 31.1 - Certifications of Chief Executive Officer	33
Exhibit 31.2 - Certifications of Chief Financial Officer	34
Exhibit 32 - Certifications Pursuant to Section 906	35

PART I: FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****PATRICK INDUSTRIES, INC.****CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(thousands)	As of (Unaudited)	December 31, 2008
	June 28, 2009	
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 900	\$ 2,672
Trade receivables, net	16,971	8,290
Inventories	18,725	21,471
Prepaid expenses and other	2,252	2,803
Assets held for sale	11,400	15,816
Total current assets	50,248	51,052
Property, Plant and Equipment	83,736	83,756
Less accumulated depreciation	51,523	49,135
Net property, plant and equipment, at cost	32,213	34,621
Goodwill	2,140	2,140
Intangible assets, net of accumulated amortization		
(2009: \$1,606; 2008: \$1,430)	7,224	7,400
Deferred financing costs, net of accumulated amortization		
(2009: \$1,505; 2008: \$891)	1,967	2,270
Other non-current assets	2,910	3,010
TOTAL ASSETS	\$ 96,702	\$ 100,493
LIABILITIES AND SHAREHOLDERS EQUITY		
Current Liabilities		
Current maturities of long-term debt	\$ 11,856	\$ 14,741
Short-term borrowings	17,410	18,200
Accounts payable	11,642	5,156
Accrued liabilities	5,957	7,252
Total current liabilities	46,865	45,349
Long-term debt, less current maturities and discount	26,783	27,367
Deferred compensation and other	5,782	5,708
Deferred tax liabilities	1,362	1,309
TOTAL LIABILITIES	80,792	79,733
SHAREHOLDERS EQUITY		
Common stock	53,539	53,522
Accumulated other comprehensive loss	(1,280)	(1,439)
Additional paid-in capital	148	362
Retained deficit	(36,497)	(31,685)
TOTAL SHAREHOLDERS EQUITY	15,910	20,760
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 96,702	\$ 100,493

See accompanying Notes to Condensed Consolidated Financial Statements.

PATRICK INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(thousands except per share data)	<u>Second Quarter Ended</u>		<u>Six Months Ended</u>	
	<u>June 28,</u> <u>2009</u>	June 29, 2008	<u>June 28,</u> <u>2009</u>	June 29, 2008
NET SALES	\$ 55,878	\$ 95,610	\$ 100,793	\$ 192,587
Cost of goods sold	49,761	84,009	91,084	170,013
Restructuring charges	-	273	-	719
GROSS PROFIT	6,117	11,328	9,709	21,855
Operating expenses:				
Warehouse and delivery	2,510	4,489	5,187	8,944
Selling, general and administrative	2,959	6,023	6,624	13,266
Restructuring charges	-	81	-	177
Amortization of intangible assets	88	429	176	858
Gain on sale of fixed assets	(17)	(4,075)	(28)	(4,505)
Total operating expenses	5,540	6,947	11,959	18,740
OPERATING INCOME (LOSS)	577	4,381	(2,250)	3,115
Stock warrants revaluation	468	-	408	-
Interest expense, net	1,599	1,614	3,437	3,426
Income (loss) from continuing operations before income taxes (credit)	(1,490)	2,767	(6,095)	(311)
Income taxes (credit)	-	1,024	-	(115)
Income (loss) from continuing operations	(1,490)	1,743	(6,095)	(196)
Income from discontinued operations	824	183	1,283	293
Income taxes	-	68	-	109
Income from discontinued operations, net of tax	824	115	1,283	184
NET INCOME (LOSS)	\$ (666)	\$ 1,858	\$ (4,812)	\$ (12)
Basic and diluted net income (loss) per common share:				
Continuing operations	\$ (0.16)	\$ 0.23	\$ (0.67)	\$ (0.03)
Discontinued operations	0.09	0.02	0.14	0.03
Net income (loss)	\$ (0.07)	\$ 0.25	\$ (0.53)	\$ -
Weighted average shares outstanding:				
Basic	9,167	7,453	9,141	6,893
Diluted	9,167	7,487	9,141	6,893

See accompanying Notes to Condensed Consolidated Financial Statements.

PATRICK INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(thousands)	Six Months Ended June 28, 2009	June 29, 2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (4,812)	\$ (12)
Adjustments to reconcile net loss to net cash		
provided by (used in) operating activities:		
Depreciation	2,540	3,179
Amortization	176	858
Stock-based compensation expense	51	655
Deferred compensation expense	56	454
Deferred income taxes	53	(125)
Gain on sale of fixed assets	(28)	(4,505)
Restructuring charges	-	221
Decrease in cash surrender value of life insurance	90	136
Deferred financing amortization	614	308
Gain on sale of American Hardwoods	(480)	-
Stock warrants revaluation	408	-
Other	619	539
Change in operating assets and liabilities:		
Decrease (increase) in:		
Trade receivables	(8,480)	(10,097)
Inventories	4,322	1,581
Prepaid expenses and other	551	2,726
Increas		