

FLANDERS CORP
Form 10-Q
August 01, 2008
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**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 30, 2008

Commission File Number **000-27958**

FLANDERS CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina

(State or other jurisdiction of incorporation or organization)

13-3368271

(IRS Employer ID Number)

2399 26th Avenue North, St. Petersburg, Florida

(Address of principal executive offices)

33713

(Zip Code)

Registrant's telephone number, including area code: **(727) 822-4411**

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Indicate by check mark whether the issuer (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 (as defined 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

The number of shares outstanding of the registrant's common stock, as of June 30, 2008 was 25,724,074.

FLANDERS CORPORATION

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FOR QUARTER ENDED June 30, 2008

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PART I FINANCIAL INFORMATION

Item 1. Financial Statements

FLANDERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

(In thousands)

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ASSETS	June 30, 2008 (unaudited)	December 31, 2007
Current assets		
Cash and cash equivalents	\$ 349	\$ 498
Receivables:		
Trade, less allowance:		
6/30/2008 \$2,857; 12/31/2007 \$3,663	47,217	49,094
Other	325	1,260
Inventories	46,754	47,236
Deferred taxes	3,403	4,197
Income Taxes	3,858	8,549
Other current assets	3,419	2,672
Total current assets	105,325	113,506
Property and equipment , less accumulated depreciation: 6/30/2008 \$56,307; 12/31/2007 \$54,232	54,541	61,468
Intangible assets , less accumulated amortization: 6/30/2008 \$967; 12/31/2007 \$903	3,219	3,872
Notes Receivable	14,587	3,529
Other assets	1,151	1,180
	\$ 178,823	\$ 183,555
 LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt and capital lease obligations	\$ 2,726	\$ 2,736
Accounts payable	24,605	30,046
Accrued expenses	17,100	24,593
Other Current Liabilities	5,879	5,880
Total current liabilities	50,310	63,255
Long-term capital lease obligations, less current maturities	602	943
Long-term debt, less current maturities	28,241	28,669
Long-term liabilities, other	1,888	2,112
Deferred taxes	1,168	1,174
Commitments and contingencies		
Stockholders equity		
Preferred stock, \$.001par value, 10,000 shares authorized; none issued		
Common stock, \$.001 par value; 50,000 shares authorized; issued and outstanding: 25,724 and 25,691 shares at June 30, 2008 and December 31, 2007, respectively	26	26
Additional paid-in capital	87,201	87,305
Accumulated other comprehensive loss	(732)	(782)
Retained earnings	10,119	853
	96,614	87,402
	\$ 178,823	\$ 183,555

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FLANDERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2008	2007	June 30, 2008	2007
Net sales	\$57,269	\$64,285	\$106,463	\$124,533
Cost of goods sold	48,773	52,662	89,243	103,888
Gross profit	8,496	11,623	17,220	20,645
Operating expenses	9,313	11,118	18,589	22,101
Operating income (loss)	(817)	505	(1,369)	(1,456)
Nonoperating income (expense):				
Other income, net	1,442	631	4,045	1,604
Interest expense	(492)	(643)	(1,125)	(1,269)
	950	(12)	2,920	335
Earnings (Losses) before income taxes and extraordinary item	133	493	1,551	(1,121)
Provision (Benefit) for income taxes	53	193	620	(448)
Income (Loss) before extraordinary item	80	300	931	(673)
Extraordinary gain on Fire (net of taxes)	6,802	502	8,335	1,464
Net earnings	\$6,882	\$802	\$9,266	\$791
Income (Loss) before extraordinary item Basic earnings per share	\$0.00	\$0.01	\$0.04	\$(0.03)
Extraordinary item	\$0.27	\$0.02	\$0.32	\$0.06
Net earnings per share	\$0.27	\$0.03	\$0.36	\$0.03
Income (Loss) before extraordinary item Diluted earnings per share	\$0.00	\$0.01	\$0.03	\$(0.02)
Extraordinary item	\$0.26	\$0.02	\$0.32	\$0.05
Net earnings per share	\$0.26	\$0.03	\$0.35	\$0.03
Weighted average common shares outstanding				
Basic	25,725	26,743	25,724	26,501
Diluted	26,203	27,585	26,185	27,343

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FLANDERS CORPORATION AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS EQUITY

(In thousands)

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	Common	Additional	Notes	Accumulated	Retained	Total
	Stock	Paid-In	Receivable	Other	Earnings	
		Capital		Comprehensive		
				Loss		
Balance, January 1, 2007	\$26	\$90,872	\$ (7,441)	\$ (698)	\$24,620	\$107,379
Stock option award compensation		859				859
Accrued interest on notes receivable secured by common shares			(360)			(360)
Proceeds from notes receivable secured by common stock			2,355			2,355
Purchase and retirement of 826 shares of common stock	(1)	(4,327)				(4,328)
Issuance of 1,159 shares of common stock upon exercise of options	1	2,958				2,959
Common shares issued for satisfaction of trade accounts payable		1,454				1,454
Common shares received in lieu of Equity note receivable		(5,445)	5,446			1
Loss of controlling interest in affiliate					(4,080)	(4,080)
Tax Benefit from Stock Options		934				934
Comprehensive earnings						
Net earnings					(19,687)	(19,687)
Gain on cash flow hedges				(84)		(84)
Total Comprehensive earnings, net of tax						(19,771)
Balance, December 31, 2007	\$26	\$87,305	\$ (0)	\$ (782)	\$853	\$87,402
Accrued interest on notes receivable secured by common shares						
Stock Option Award Compensation		175				175
Proceeds from notes receivable secured by common stock						
Purchase and retirement of 106 shares of common stock		(705)				(705)
Issuance of 138 shares of common stock upon exercise of options		426				