

GRIFFON CORP
Form 10-Q
May 09, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2012

o 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: 1-06620

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

11-1893410

(I.R.S. Employer
Identification No.)

712 Fifth Ave, 18th Floor, New York, New York

(Address of principal executive offices)

10019

(Zip Code)

(212) 957-5000

(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. **x** Yes **o** No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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). **x** Yes **o** 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer **o**
Non-accelerated filer **o**

Accelerated filer **x**
Smaller reporting company **o**

(Do not check if a smaller reporting company)

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 61,820,463 shares of

Common Stock as of April 30, 2012.

Griffon Corporation and Subsidiaries

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Part I Financial Information
Item 1 Financial Statements

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	(Unaudited) At March 31, 2012	At September 30, 2011
	<u> </u>	<u> </u>
CURRENT ASSETS		
Cash and equivalents	\$ 164,879	\$ 243,029
Accounts receivable, net of allowances of \$5,598 and \$6,072	289,834	267,471
Contract costs and recognized income not yet billed, net of progress payments of \$3,834 and \$9,697	66,966	74,737
Inventories, net	285,542	263,809
Prepaid and other current assets	46,458	48,828
Assets of discontinued operations	1,312	1,381
	<u> </u>	<u> </u>
Total Current Assets	854,991	899,255
PROPERTY, PLANT AND EQUIPMENT, net	361,456	350,050
GOODWILL	362,931	357,888
INTANGIBLE ASSETS, net	234,591	223,189
OTHER ASSETS	32,261	31,197
ASSETS OF DISCONTINUED OPERATIONS	3,050	3,675
	<u> </u>	<u> </u>
Total Assets	\$ 1,849,280	\$ 1,865,254
	<u> </u>	<u> </u>
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	\$ 16,255	\$ 25,164
Accounts payable	174,989	186,290
Accrued liabilities	96,045	99,631
Liabilities of discontinued operations	3,334	3,794
	<u> </u>	<u> </u>
Total Current Liabilities	290,623	314,879
LONG-TERM DEBT, net of debt discount of \$18,183 and \$19,693	689,011	688,247
OTHER LIABILITIES	201,493	204,434
LIABILITIES OF DISCONTINUED OPERATIONS	4,788	5,786
	<u> </u>	<u> </u>
Total Liabilities	1,185,915	1,213,346
COMMITMENTS AND CONTINGENCIES - See Note 19		
SHAREHOLDERS EQUITY		
Total Shareholders Equity	663,365	651,908
	<u> </u>	<u> </u>
Total Liabilities and Shareholders Equity	\$ 1,849,280	\$ 1,865,254
	<u> </u>	<u> </u>

GRIFFON CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY
(Unaudited)

	COMMON STOCK	CAPITAL IN EXCESS OF	RETAINED EARNINGS	TREASURY SHARES COST	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	DEFERRED ESOP & OTHER COMPENSATION	Total
(in thousands)	<u>SHARES</u>						

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	PAR		PAR							
	VALUE	VALUE	VALUE	VALUE						
Balance at 9/30/2011	76,184	\$ 19,046	\$ 471,928	\$ 424,153	14,434	\$ (231,699)	\$ (7,724)	(23,796)	\$ 651,908	
Net income				4,513					4,513	
Dividend				(2,374)					(2,374)	
Tax effect from exercise/vesting of equity awards, net			(219)						(219)	
Amortization of deferred compensation								887	887	
Common stock acquired					283	(2,350)			(2,350)	
Restricted stock awards granted, net	353	88	(88)							
ESOP allocation of common stock			4						4	
Stock-based compensation			4,908						4,908	
Translation of foreign financial statements							5,048		5,048	
Pension OCI, net of tax							1,040		1,040	
Balance at 3/31/2012	76,537	\$ 19,134	\$ 476,533	\$ 426,292	14,717	\$ (234,049)	\$ (1,636)	(22,909)	\$ 663,365	

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

GRIFFON CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(Unaudited)

	Three Months Ended March 31,		Six Months Ended March 31,	
	2012	2011	2012	2011
Revenue	\$ 482,431	\$ 476,129	\$ 933,462	\$ 890,531
Cost of goods and services	379,630	374,986	727,953	701,529
Gross profit	102,801	101,143	205,509	189,002
Selling, general and administrative expenses	86,152	84,363	169,219	164,808
Restructuring and other related charges		1,212	1,795	2,605
Total operating expenses	86,152	85,575	171,014	167,413
Income from operations	16,649	15,568	34,495	21,589
Other income (expense)				
Interest expense	(13,005)	(11,319)	(26,068)	(22,542)
Interest income	86	97	149	166
Loss from debt extinguishment, net		(26,164)		(26,164)
Other, net	1,029	1,177	1,076	3,262
Total other income (expense)	(11,890)	(36,209)	(24,843)	(45,278)
Income (loss) before taxes	4,759	(20,641)	9,652	(23,689)
Provision (benefit) for income taxes	2,732	(6,640)	5,139	(8,008)
Net income (loss)	\$ 2,027	\$ (14,001)	\$ 4,513	\$ (15,681)
Basic earnings (loss) per common share	\$ 0.04	\$ (0.24)	\$ 0.08	\$ (0.26)
Weighted-average shares outstanding	56,037	59,280	56,031	59,277
Diluted earnings (loss) per common share	\$ 0.04			