

APPLICA INC
Form 10-Q/A
November 06, 2003

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

FORM 10-Q/A

(Amendment No. 1)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2003

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 1-10177

APPLICA INCORPORATED

(Exact Name of Registrant as Specified in its Charter)

Florida

59-1028301

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification Number)

5980 Miami Lakes Drive, Miami Lakes, Florida

33014

(Address Of Principal Executive Offices)

(Zip Code)

(305) 362-2611

(Registrant's Telephone Number, Including Area Code)

Former Name, 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 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes No

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Number of shares outstanding on October 28, 2003
Common Stock, \$0.10 par value	23,657,084

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The purpose of this Amendment No. 1 to Applica Incorporated's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 is to correct certain information regarding earnings (loss) per common share - diluted and related matters.

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	September 30, 2003 (Unaudited)	December 31, 2002
(In thousands)		
Assets		
Current Assets:		
Cash and cash equivalents	\$ 6,974	\$ 7,683
Accounts and other receivables, less allowances of \$17,408 in 2003 and \$15,830 in 2002	133,912	146,567
Receivables from affiliates	1,587	2,060
Inventories	150,181	111,453
Prepaid expenses and other	13,975	11,862
Refundable income taxes	3,939	1,663
Future income tax benefits	14,654	18,654
	<hr/>	<hr/>
Total current assets	325,222	299,942
Investment in Joint Venture	5,038	1,249
Property, Plant and Equipment - at cost, less accumulated depreciation of \$125,488 in 2003 and \$109,949 in 2002	71,315	76,963
Future Income Tax Benefits, Non-Current	43,070	54,378
Goodwill	62,812	62,812
Other Intangibles, Net	14,528	20,860
Other Assets	3,990	5,461
	<hr/>	<hr/>
Total Assets	\$525,975	\$521,665
	<hr/>	<hr/>
Liabilities and Shareholders Equity		
Current Liabilities:		
Accounts payable	\$ 52,641	\$ 31,446
Accrued expenses	65,789	74,686
Current maturities of long-term debt	151	144
Current taxes payable	4,613	518
Deferred rent	319	372
	<hr/>	<hr/>
Total current liabilities	123,513	107,166
Other Long-Term Liabilities	2,077	1,533
Long-Term Debt, Less Current Maturities	155,931	193,838
Shareholders Equity:		
Common stock authorized:75,000 shares of \$.10 par value; issued and outstanding: 23,657 shares in 2003 and 23,497 shares in 2002	2,366	2,350
Paid-in capital	156,432	155,395

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Retained earnings	92,942	71,251
Note receivable officer	(1,496)	(1,496)
Accumulated other comprehensive earnings (loss)	(5,790)	(8,372)
	<u> </u>	<u> </u>
Total shareholders equity	244,454	219,128
	<u> </u>	<u> </u>
Total liabilities and shareholders equity	\$ 525,975	\$ 521,665
	<u> </u>	<u> </u>

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

Table of Contents**Applica Incorporated and Subsidiaries****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Three Months Ended September 30,			
	2003		2002	
	(In thousands, except per share data)			
Net sales	\$ 173,512	100.0%	\$ 194,851	100.0%
Cost of goods sold	122,257	70.5	130,243	66.8
Gross profit	51,255	29.5	64,608	33.2
Selling, general and administrative expenses:				
Operating expenses	54,105	31.2	47,050	24.2
Repositioning charge			5,397	2.8
Operating earnings (loss)	(2,850)	(1.7)	12,161	6.2
Other expense (income):				
Interest expense	3,597	2.1	4,967	2.5
Interest and other income	(245)	(0.1)	(866)	(0.4)
Loss on early extinguishment of debt	1,906	1.0		
Gain on litigation settlement			(557)	(0.3)
	5,258	3.0	3,544	1.8
Earnings (loss) before equity in net earnings (loss) of joint venture and income taxes	(8,108)	(4.7)	8,617	4.4
Equity in net earnings (loss) of joint venture	16,199	9.3	(598)	(0.3)
Earnings (loss) before income taxes	8,091	4.6	8,019	4.1
Income tax expense (benefit)	3,236	1.8	2,805	1.4
Net earnings (loss)	\$ 4,855	2.8%	\$ 5,214	2.7%
Earnings (loss) per common share:				
Earnings (loss) per common share basic	\$ 0.21		\$ 0.22	
Earnings (loss) per common share diluted	\$ 0.20		\$ 0.22	

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

Table of Contents**Applica Incorporated and Subsidiaries****CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)**

	Nine Months Ended September 30,			
	2003		2002	
	(In thousands, except per share data)			
Net sales	\$ 431,598	100.0%	\$ 505,948	100.0%
Cost of goods sold	302,882	70.2	346,562	68.5
	<u>128,716</u>	29.8	<u>159,386</u>	31.5
Gross profit				
Selling, general and administrative expenses:				
Operating expenses	135,320	31.4	137,545	27.2
Repositioning charge			10,643	2.1
	<u>(6,604)</u>	(1.6)	<u>11,198</u>	2.2
Operating earnings (loss)				
Other expense (income):				
Interest expense	11,431	2.6	12,624	2.5
Interest and other income	(893)	(0.2)	(1,612)	(0.3)
Loss on early extinguishment of debt	1,906	0.4		
Gain on litigation settlement			(557)	(0.1)
	<u>12,444</u>	2.8	<u>10,455</u>	2.1
Earnings (loss) before equity in net earnings (loss) of joint ventures, income taxes and cumulative effect of change in accounting principle	(19,048)	(4.4)	743	0.1
Equity in net earnings (loss) of joint ventures	55,199	12.8	(783)	(0.1)
	<u>36,151</u>	8.4	<u>(40)</u>	0.0
Earnings (loss) before income taxes and cumulative effect of change in accounting principle				
Income tax expense (benefit)	14,460	3.4	(16)	0.0
	<u>21,691</u>	5.0	<u>(24)</u>	0.0
Earnings (loss) before cumulative effect of change in accounting principle				
Cumulative effect of change in accounting principle, net of tax benefit of \$0 and \$42,447 in 2003 and 2002			(78,829)	(15.6)
	<u>\$ 21,691</u>	5.0%	<u>\$ (78,853)</u>	(15.6)%
Net earnings (loss)				
Earnings (loss) per common share basic:				
Earnings (loss) before cumulative effect of change in accounting principle	\$ 0.92		\$ 0.00	
Cumulative effect of change in accounting principle			(3.37)	
	<u>\$ 0.92</u>		<u>\$ (3.37)</u>	
Earnings (loss) per common share basic				
Earnings (loss) per common share diluted:				
Earnings (loss) before cumulative effect of change in accounting principle	\$ 0.91		\$ 0.00	
Cumulative effect of change in accounting principle			(3.37)	

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Earnings (loss) per common share - diluted	<u>\$ 0.91</u>	<u>\$ (3.37)</u>
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The accompanying notes are an integral part of these statements.

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**Nine Months Ended
September 30,**

2003

2002

(In thousands)

Cash flows from operating activities:	2003	2002
Net earnings (loss)	\$ 21,691	\$(78,853)
Reconciliation to net cash provided by (used in) operating activities:		
Depreciation of property, plant and equipment	15,184	14,799
Provision for doubtful accounts	3,276	5,719
Amortization of intangible assets	6,915	6,772
Loss on early extinguishment of debt	1,906	
Gain on litigation settlement		(557)
Cumulative effect of change in accounting principle, net of tax		78,829
Deferred income taxes	15,308	(7,644)
Other non-cash changes in equity items	10	78
Equity in net (earnings) loss of joint venture	(55,199)	783
Changes in assets and liabilities:		
Accounts and other receivables	9,379	16,776
Inventories	(40,118)	(37,142)
Prepaid expenses and other	(2,113)	(5,822)
Other assets	3,064	(6,320)
Accounts payable and accrued expenses	12,298	18,877
Current income taxes	1,819	(2,296)
Other liabilities	491	(464)
Net cash provided by (used in) operating activities	(6,089)	3,535
Cash flows from investing activities:		
Purchase of Weitech, Inc.		(17,002)