

GRIFFON CORP
Form 10-Q
August 03, 2011

**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, 2011

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 Avenue, 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. Yes 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).
 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 definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes 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. 63,286,864 shares of Common Stock as of July 29, 2011.

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 June 30, 2011	At September 30, 2010
	<u> </u>	<u> </u>
CURRENT ASSETS		
Cash and equivalents	\$ 246,554	\$ 169,802
Accounts receivable, net of allowances of \$6,357 and \$6,581	253,153	252,029
Contract costs and recognized income not yet billed, net of progress payments of \$1,419 and \$1,423	64,554	63,155
Inventories, net	276,931	268,801
Prepaid and other current assets	65,200	55,782
Assets of discontinued operations	1,387	1,079
	<u> </u>	<u> </u>
Total Current Assets	907,779	810,648
PROPERTY, PLANT AND EQUIPMENT, net	351,962	314,926
GOODWILL	361,576	356,087
INTANGIBLE ASSETS, net	230,590	233,011
OTHER ASSETS	31,469	27,907
ASSETS OF DISCONTINUED OPERATIONS	3,727	5,803
	<u> </u>	<u> </u>
Total Assets	\$ 1,887,103	\$ 1,748,382
	<u> </u>	<u> </u>
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	\$ 19,307	\$ 20,901
Accounts payable	178,592	185,165
Accrued liabilities	92,559	124,687
Liabilities of discontinued operations	4,042	4,289
	<u> </u>	<u> </u>
Total Current Liabilities	294,500	335,042
LONG-TERM DEBT, net of debt discount of \$20,426 and \$30,650	674,530	503,935
OTHER LIABILITIES	195,019	190,244
LIABILITIES OF DISCONTINUED OPERATIONS	5,729	8,446
	<u> </u>	<u> </u>
Total Liabilities	1,169,778	1,037,667
	<u> </u>	<u> </u>
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	717,325	710,715
	<u> </u>	<u> </u>
Total Liabilities and Shareholders' Equity	\$ 1,887,103	\$ 1,748,382
	<u> </u>	<u> </u>

GRIFFON CORPORATION
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(Unaudited)

ACCUMULATED
OTHER
COMPREHENSIVE

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(in thousands)	COMMON STOCK		CAPITAL IN EXCESS OF PAR VALUE	RETAINED EARNINGS	TREASURY SHARES		INCOME (LOSS)	DEFERRED ESOP COMPENSATION	Total
	SHARES	PAR VALUE			SHARES	COST			
Balance at 9/30/2010	74,580	\$ 18,645	\$ 460,955	\$ 431,584	12,466	\$ (213,560)	\$ 17,582	\$ (4,491)	\$ 710,715
Net income (loss)				(10,809)					(10,809)
Common stock issued for options exercised	339	85	2,472		256	(3,402)			(845)
Tax benefit/credit from the exercise/forfeiture of stock options			2,334						2,334
Amortization of deferred compensation							558		558
Restricted stock awards granted, net	1,267	317	(317)		175	(2,328)			(2,328)
ESOP purchase of common stock								(15,674)	(15,674)
ESOP distribution of common stock			200						200
Stock-based compensation			6,767						6,767
Translation of foreign financial statements							25,130		25,130
Pension other comprehensive income amort, net of tax							1,277		1,277
Balance at 6/30/2011	76,186	\$ 19,047	\$ 472,411	\$ 420,775	12,897	\$ (219,290)	\$ 43,989	\$ (19,607)	\$ 717,325

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 June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Revenue	\$ 455,282	\$ 327,026	\$ 1,345,813	\$ 946,160
Cost of goods and services	356,113	252,671	1,057,642	732,454
Gross profit	99,169	74,355	288,171	213,706
Selling, general and administrative expenses	82,045	61,650	246,853	187,666
Restructuring and other related charges	2,118	1,489	4,723	3,720
Total operating expenses	84,163	63,139	251,576	191,386
Income from operations	15,006	11,216	36,595	22,320
Other income (expense)				
Interest expense	(12,569)	(3,760)	(35,111)	(10,459)
Interest income	106	81	272	335
Loss from debt extinguishment, net			(26,164)	(6)
Other, net	145	(583)	3,407	633
Total other income (expense)	(12,318)	(4,262)	(57,596)	(9,497)
Income (loss) before taxes and discontinued operations	2,688	6,954	(21,001)	12,823
Provision (benefit) for income taxes	(2,184)	1,965	(10,192)	1,620
Income (loss) from continuing operations	4,872	4,989	(10,809)	11,203
Discontinued operations:				
Income (loss) from operations of the discontinued Installation Services business		(26)		143
Provision (benefit) for income taxes		(5)		54
Income (loss) from discontinued operations		(21)		89
Net income (loss)	\$ 4,872	\$ 4,968	\$ (10,809)	\$ 11,292

Basic earnings (loss) per common share: