

GRIFFON CORP
Form 10-Q
August 03, 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 June 30, 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

Accelerated filer x

Non-accelerated filer o

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. 61,332,222 shares of Common Stock as of July 31, 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 June 30, 2012	At September 30, 2011
CURRENT ASSETS		
Cash and equivalents	\$ 171,912	\$ 243,029
Accounts receivable, net of allowances of \$5,212 and \$6,072	261,854	267,471
Contract costs and recognized income not yet billed, net of progress payments of \$1,969 and \$9,697	65,537	74,737
Inventories, net	269,878	263,809
Prepaid and other current assets	49,897	48,828
Assets of discontinued operations	1,303	1,381
Total Current Assets	820,381	899,255
PROPERTY, PLANT AND EQUIPMENT, net	357,627	350,050
GOODWILL	357,916	357,888
INTANGIBLE ASSETS, net	230,176	223,189
OTHER ASSETS	27,812	31,197
ASSETS OF DISCONTINUED OPERATIONS	2,974	3,675
Total Assets	\$ 1,796,886	\$ 1,865,254
CURRENT LIABILITIES		
Notes payable and current portion of long-term debt	\$ 17,581	\$ 25,164
Accounts payable	145,608	186,290
Accrued liabilities	94,671	99,631
Liabilities of discontinued operations	3,077	3,794
Total Current Liabilities	260,937	314,879
LONG-TERM DEBT, net of debt discount of \$17,406 and \$19,693	685,355	688,247
OTHER LIABILITIES	193,523	204,434
LIABILITIES OF DISCONTINUED OPERATIONS	4,033	5,786
Total Liabilities	1,143,848	1,213,346
COMMITMENTS AND CONTINGENCIES - See Note 19		
SHAREHOLDERS' EQUITY		
Total Shareholders' Equity	653,038	651,908
Total Liabilities and Shareholders' Equity	\$ 1,796,886	\$ 1,865,254

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

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(in thousands)	COMMON STOCK		CAPITAL IN	RETAINED	TREASURY SHARES		ACCUMULATED OTHER	DEFERRED	Total
	SHARES	PAR VALUE	EXCESS OF PAR VALUE	EARNINGS	SHARES	COST	COMPREHENSIVE INCOME (LOSS)	ESOP & OTHER COMPENSATION	
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				13,563					13,563
Dividend				(3,564)					(3,564)
Tax effect from exercise/vesting of equity awards, net			(223)						(223)
Amortization of deferred compensation								1,399	1,399
Common stock acquired					701	(5,670)			(5,670)
Restricted stock awards granted, net	355	88	(88)						
ESOP allocation of common stock			(57)						(57)
Stock-based compensation			7,599						7,599
Translation of foreign financial statements							(13,479)		(13,479)
Pension OCI, net of tax							1,562		1,562
Balance at 6/30/2012	76,539	\$ 19,134	\$ 479,159	\$ 434,152	15,135	\$ (237,369)	\$ (19,641)	\$ (22,397)	\$ 653,038

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,	
	2012	2011	2012	2011
Revenue	\$ 480,246	\$ 455,282	\$ 1,413,709	\$ 1,345,813
Cost of goods and services	364,601	356,113	1,092,555	1,057,642
Gross profit	115,645	99,169	321,154	288,171
Selling, general and administrative expenses	87,443	82,045	256,661	246,853
Restructuring and other related charges		2,118	1,795	4,723
Total operating expenses	87,443	84,163	258,456	251,576
Income from operations	28,202	15,006	62,698	36,595
Other income (expense)				
Interest expense	(12,932)	(12,569)	(39,000)	(35,111)
Interest income	77	106	225	272
Loss from debt extinguishment, net				(26,164)
Other, net	(354)	145	723	3,407
Total other income (expense)	(13,209)	(12,318)	(38,052)	(57,596)
Income (loss) before taxes	14,993	2,688	24,646	(21,001)
Provision (benefit) for income taxes	5,945	(2,184)	11,083	(10,192)
Net income (loss)	\$ 9,048	\$ 4,872	\$ 13,563	\$ (10,809)
Basic earnings (loss) per common share	\$ 0.16	\$ 0.08	\$ 0.24	\$ (0.18)
Weighted-average shares outstanding	56,034	59,606	56,032	59,387
Diluted earnings (loss) per common share	\$ 0.16	\$ 0.08	\$	