

MIDDLEBY CORP
Form 10-Q/A
March 28, 2003

FORM 10-Q/A

Amendment No. 1

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the period ended September 28, 2002

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 1-9973

THE MIDDLEBY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

36-3352497

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

1400 Toastmaster Drive, Elgin, Illinois

(Address of Principal Executive Offices)

60120

(Zip Code)

Registrant's Telephone No., including Area Code (847) 741-3300

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 twelve (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

As of November 8, 2002, there were 9,024,047 shares of the registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES**QUARTER ENDED SEPTEMBER 28, 2002****INDEX**

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Explanatory Note

This amendment on Form 10-Q/A (Amendment No. 1) amends the company's quarterly report on Form 10-Q for the period ended September 28, 2002, as filed with the Securities and Exchange Commission on November 12, 2002, and is being filed to reflect the restatement of the company's consolidated financial statements. The significant effects of this restatement on the financial statements are presented in Note 2 to the consolidated financial statements and Item 2 in Part I of this amended quarterly report on Form 10-Q/A (Amendment No. 1). This amendment incorporates certain revisions to historical financial data and related descriptions but is not intended to update other information presented in this quarterly report as originally filed, except where specifically noted.

This amended quarterly report on Form 10-Q/A (Amendment No. 1) contains certain forward-looking statements that are based on the beliefs of, and estimates made by and information currently available to the company's management. The words "expect," "anticipate," "intend," "plan" and similar expressions identify forward-looking statements. These statements are subject to risks and uncertainties. Actual results could differ materially from those discussed here. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Factors That May Affect Our Future Operating Results" and elsewhere in the company's annual report on Form 10-K/A (Amendment No. 1).

PART I. FINANCIAL INFORMATION**THE MIDDLEBY CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(In Thousands, Except Share Amounts)****(Unaudited)**

	(as restated(1))	
	Sep. 28, 2002	Dec. 29, 2001
	<u> </u>	<u> </u>
ASSETS		
Cash and cash equivalents	\$ 3,097	\$ 5,997
Accounts receivable, net of reserve for doubtful accounts of \$3,389 and \$2,913	28,346	25,158
Inventories, net	26,741	29,115
Prepaid expenses and other	1,534	1,178
	<u>11,716</u>	<u>11,291</u>
Current deferred taxes		
Total current assets	71,434	72,739
Property, plant and equipment, net of accumulated depreciation of \$25,174 and \$22,185	28,259	30,598
Goodwill	74,319	74,005
Other intangibles	26,300	26,466
Other assets	6,543	7,589
	<u> </u>	<u> </u>
Total assets	<u>\$ 206,855</u>	<u>\$ 211,397</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current maturities of long-term debt	\$ 11,500	\$ 10,047
Accounts payable	14,663	11,491
Accrued expenses	36,829	38,438
	<u> </u>	<u> </u>
Total current liabilities	62,992	59,976
Long-term debt	67,981	86,152
Long-term deferred tax liability	8,698	8,698
Other non-current liabilities	20,452	17,162
Stockholders' equity:		
Preferred stock, \$.01 par value; nonvoting; 2,000,000 shares authorized; none issued		
Common stock, \$.01 par value; 20,000,000 shares authorized; 11,026,521 and 11,024,396 issued in 2002 and 2001, respectively	110	110
Shareholder receivables	(590)	(290)
Paid-in capital	53,855	53,884
Treasury stock at cost; 2,002,474 shares in 2002 and 2,052,474 in 2001, respectively	(11,705)	(11,997)
Retained earnings (accumulated deficit)	7,162	(1,029)
Accumulated other comprehensive loss	(2,100)	(1,269)
	<u> </u>	<u> </u>
Total stockholders' equity	46,732	39,409
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	<u>\$ 206,855</u>	<u>\$ 211,397</u>

(1) See Note 2

See accompanying notes

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	Sep. 28, 2002	Sep. 29, 2001	Sep. 28, 2002	Sep. 29, 2001
Net sales	\$ 57,679	\$ 25,714	\$ 174,648	\$ 75,754
Cost of sales	37,215	17,227	114,770	50,862
Gross profit	20,464	8,487	59,878	24,892
Selling and distribution expenses	7,042	3,173	21,575	10,351
General and administrative expenses	4,475	2,879	16,439	8,022
Income from operations	8,947	2,435	21,864	6,519
Interest expense and deferred financing amortization	2,661	128	8,783	460
Loss (gain) on acquisition financing derivatives	(95)		(109)	
Other (income) expense, net	484	(86)	395	509
Earnings before income taxes	5,897	2,393	12,795	5,550
Provision for income taxes	1,560	1,301	4,604	3,233
Net earnings	\$ 4,337	\$ 1,092	\$ 8,191	\$ 2,317
Net earnings per share:				
Basic	\$ 0.48	\$ 0.12	\$ 0.91	\$ 0.26
Diluted	\$ 0.47	\$ 0.12	\$ 0.90	\$ 0.26
Weighted average number of shares:				
Basic	8,991	8,981	8,979	8,987
Dilutive stock options(1)	211	13	92	16
Diluted	9,202	8,994	9,071	9,003

(1) Excludes 5,000 stock options for the three months ended September 29, 2001 with an exercise price of \$9.63 and 65,000 stock options for the nine months with exercise prices from \$7.50 to \$9.63 which were anti-dilutive.

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands)**(Unaudited)**

	Nine Months Ended	
	Sep. 28, 2002	Sep. 29, 2001
	(as restated(1))	
Cash flows from operating activities-		
Net earnings	\$ 8,191	\$ 2,317
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	5,195	2,741
Non-cash portion tax provision	(425) 2,246
Unrealized (gain) loss on derivative financial instruments	(109)
Unpaid interest on seller notes (2)	1,737	
Unpaid interest on subordinated senior notes (2)	382	
Changes in assets and liabilities-		
Accounts receivable, net	(3,189) 4,505
Inventories, net	2,374	1,317
Prepaid expenses and other assets	(343) (1,186
Accounts payable	3,173) (3,528
Accrued expenses and other liabilities	(1,512) (5,156
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Net cash provided by operating activities	15,474	3,256
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