

FLANDERS CORP
Form 10-Q
May 02, 2008

**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 March 31, 2008
Commission File Number. 000-27958

FLANDERS CORPORATION

(Exact name of registrant as specified in its charter)

North Carolina

13-3368271

(State or other jurisdiction of incorporation or organization.)

(IRS Employer ID Number)

2399 26th Avenue North, St. Petersburg, Florida

33713

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (727) 822-4411

Indicate by check mark whether the issuer (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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

YES NO

The number of shares outstanding of the registrant's common stock, as of March 31, 2008 was 25,726,673.

FLANDERS CORPORATION
FORM 10-Q
FOR QUARTER ENDED March 31, 2008

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Item 1. Financial Statements
FLANDERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED BALANCE SHEETS
(In thousands)

ASSETS	March 31, 2008	December 31, 2007
	(unaudited)	
Current assets		
Cash and cash equivalents	\$ 922	\$ 498
Receivables:		
Trade, less allowance:		
3/31/2008 \$3,046; 12/31/2007 \$3,663	37,274	49,094
Other	1,179	1,260
Inventories	49,692	47,236
Deferred taxes	3,775	4,197
Income Taxes	7,468	8,549
Other current assets	3,164	2,672
Total current assets	103,474	113,506
Property and equipment , less accumulated depreciation: 3/31/2008 \$55,537; 12/31/2007 \$54,232	61,701	61,468
Intangible assets , less accumulated amortization: 3/31/2008 \$935; 12/31/2007 \$903	3,251	3,872
Other assets	6,038	4,709
	\$ 174,464	\$ 183,555
 LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current maturities of long-term debt and capital lease obligations	\$ 2,768	\$ 2,736
Accounts payable	28,583	30,046
Accrued expenses	15,966	24,593
Other Current Liabilities	5,880	5,880
Total current liabilities	53,197	63,255
Long-term capital lease obligations, less current maturities	772	943
Long-term debt, less current maturities	27,661	28,669
Long-term liabilities, other	2,195	2,112
Deferred taxes	1,105	1,174
Commitments and contingencies		
Stockholders equity		
Preferred stock, \$.001par value, 10,000 shares authorized; none issued		
Common stock, \$.001 par value; 50,000 shares authorized; issued and outstanding:25,727 and 25,691 shares in March 31, 2008 and December 2007, respectively	26	26
Additional paid-in capital	87,195	87,305
Accumulated other comprehensive loss	(924)	(782)
Retained earnings	3,237	853
	89,534	87,402
	\$ 174,464	\$ 183,555

FLANDERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(unaudited)

	Three Months Ended	
	March 31,	
	2008	2007
Net sales	\$ 49,194	\$ 60,248
Cost of goods sold	40,470	51,226
Gross profit	8,724	9,022
Operating expenses	9,276	10,983
Operating loss	(552)	(1,961)
Nonoperating income (expense):		
Other income	2,603	973
Interest expense	(633)	(626)
	1,970	347
Earnings (Losses) before income taxes and extraordinary item	1,418	(1,614)
Provision (Benefit) for income taxes	567	(641)
Income (Loss) before extraordinary item	851	(973)
Extraordinary gain on Fire (net of taxes)	1,533	962
Net Earnings (Loss)	\$ 2,384	\$ (11)
Income (Loss) before extraordinary item Basic earnings per share	\$ 0.03	\$ (0.04)
Extraordinary item	\$ 0.06	\$ 0.04
Net earnings (loss) per share	\$ 0.09	\$ (0.00)
Income (Loss) before extraordinary item Diluted earnings per share	\$ 0.03	\$ (0.04)
Extraordinary item	\$ 0.06	\$ 0.04
Net earnings (loss) per share	\$ 0.09	\$ (0.00)
Weighted average common shares outstanding		
Basic	25,723	26,408
Diluted	26,124	27,477

FLANDERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS EQUITY
(In thousands)

	Common Stock	Additional Paid-In Capital	Notes Receivable	Accumulated Other Comprehensive Loss	Retained Earnings	Total
Balance, January 1, 2007	\$ 26	\$ 90,872	\$ (7,441)	\$ (698)	\$ 24,620	\$ 107,379
Stock option award compensation		859				859
Accrued interest on notes receivable secured by common shares			(360)			(360)
Proceeds from notes receivable secured by common stock			2,355			2,355
Purchase and retirement of 826 shares of common stock	(1)	(4,327)				(4,328)
Issuance of 1,159 shares of common stock upon exercise of options	1	2,958				2,959
Common shares issued for satisfaction of trade accounts payable		1,454				1,454
Common shares received in lieu of Equity note receivable		(5,445)	5,446			1
Loss of controlling interest in affiliate					(4,080)	(4,080)
Tax Benefit from Stock Options		934				934
Comprehensive earnings Net earnings					(19,687)	(19,687)
Gain on cash flow hedges				(84)		(84)
Total Comprehensive earnings, net of tax						(19,771)
Balance, December 31, 2007	\$ 26	\$ 87,305	\$ (0)	\$ (782)	\$ 853	\$ 87,402
Accrued interest on notes receivable secured by common shares						
Stock Option Award Compensation		115				115
Proceeds from notes receivable secured by common stock						
Purchase and retirement of 83 shares of common stock		(551)				(551)
Issuance of 218 shares of common stock upon exercise of options		326				326
Comprehensive earnings Net earnings					2,384	2,384
Gain on cash flow hedges				(142)		(142)
Total Comprehensive earnings, net of tax						2,242
Balance, March 31, 2008	\$ 26	\$ 87,195	\$ (0)	\$ (924)	\$ 3,237	\$ 89,534

FLANDERS CORPORATION AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Three Months Ended March 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash provided by operating activities	\$ 3,650	\$ 4,461
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal, net of cash disposed	(11)	-
Purchase of property and equipment	(2,045)	(2,231)
Proceeds from sale of property and equipment	3	455
Proceeds from insurance claim	-	3,000
(Increase) Decrease in notes receivables	-	(2)
(Increase) Decrease in other assets	199	(5)
Net cash provided by (used in) investing activities	(1,854)	1,217
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term borrowings	(145)	(814)
Net payments on revolving credit agreement	(1,002)	(4,345)
Purchase and Retirement of Common Stock	(281)	-
Proceeds from Sales of Common Stock	56	-
Net cash used in financing activities	(1,372)	(5,159)
Net increase in cash and cash equivalents	424	519
CASH AND CASH EQUIVALENTS		
Beginning of period	498	568