

SKYLINE CORP
Form 10-Q
April 05, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2013

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: 1-4714

SKYLINE CORPORATION

(Exact name of registrant as specified in its charter)

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements.****Skyline Corporation and Subsidiary Companies****Consolidated Balance Sheets****(Dollars in thousands)**

| | February 28, 2013 (Unaudited) | May 31, 2012 |
|--|----------------------------------|--------------|
| ASSETS | | |
| Current Assets: | | |
| Cash | \$ 9,658 | \$ 12,011 |
| Restricted cash | 600 | |
| U.S. Treasury Bills, at cost plus accrued interest | 6,000 | 16,998 |
| Accounts receivable | 13,714 | 11,199 |
| Note receivable, current | 46 | |
| Inventories | 10,340 | 8,359 |
| Other current assets | 3,183 | 2,903 |
| Total Current Assets | 43,541 | 51,470 |
| Note Receivable, non-current | 1,643 | |
| Property, Plant and Equipment, at Cost: | | |
| Land | 3,918 | 3,918 |
| Buildings and improvements | 40,959 | 40,891 |
| Machinery and equipment | 17,952 | 18,122 |
| | 62,829 | 62,931 |
| Less accumulated depreciation | 47,007 | 45,856 |
| | 15,822 | 17,075 |
| Idle property, net of accumulated depreciation | 3,217 | 4,121 |
| Net Property, Plant and Equipment | 19,039 | 21,196 |
| Other Assets | 6,165 | 6,190 |
| Total Assets | \$ 70,388 | \$ 78,856 |

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Item 1. Financial Statements (Continued).****Skyline Corporation and Subsidiary Companies****Consolidated Balance Sheets (Continued)**

(Dollars in thousands, except share and per share amounts)

| | February 28, 2013 (Unaudited) | May 31, 2012 |
|---|----------------------------------|------------------|
| LIABILITIES AND SHAREHOLDERS EQUITY | | |
| Current Liabilities: | | |
| Accounts payable, trade | \$ 3,560 | \$ 3,296 |
| Accrued salaries and wages | 2,880 | 2,990 |
| Accrued marketing programs | 3,822 | 2,215 |
| Accrued warranty and related expenses | 4,383 | 3,870 |
| Accrued workers compensation | 412 | 435 |
| Other accrued liabilities | 1,747 | 1,875 |
| Total Current Liabilities | 16,804 | 14,681 |
| Other Deferred Liabilities | 7,978 | 8,011 |
| Commitments and Contingencies See Note 8 | | |
| Shareholders Equity: | | |
| Common stock, \$.0277 par value, 15,000,000 shares authorized; issued 11,217,144 shares | 312 | 312 |
| Additional paid-in capital | 4,928 | 4,928 |
| Retained earnings | 106,110 | 116,668 |
| Treasury stock, at cost, 2,825,900 shares | (65,744) | (65,744) |
| Total Shareholders Equity | 45,606 | 56,164 |
| Total Liabilities and Shareholders Equity | \$ 70,388 | \$ 78,856 |

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Item 1. Financial Statements (Continued).****Skyline Corporation and Subsidiary Companies****Consolidated Statements of Operations and Retained Earnings****For the Three-Month and Nine-Month Periods Ended February 28, 2013 and****February 29, 2012 (Unaudited)****(Dollars in thousands, except share and per share amounts)**

| | Three-Months Ended | | Nine-Months Ended | |
|--|--------------------|-------------------|-------------------|-------------------|
| | February 28, 2013 | February 29, 2012 | February 28, 2013 | February 29, 2012 |
| OPERATIONS | | | | |
| Net sales | \$ 36,986 | \$ 36,805 | \$ 128,742 | \$ 132,385 |
| Cost of sales | 36,515 | 37,497 | 122,538 | 130,768 |
| Gross profit (loss) | 471 | (692) | 6,204 | 1,617 |
| Selling and administrative expenses | 5,861 | 6,698 | 18,210 | 21,785 |
| Gain on sale of idle property, plant and equipment | | | 1,411 | 2,500 |
| Operating loss | (5,390) | (7,390) | (10,595) | (17,668) |
| Interest income | 25 | 3 | 37 | 14 |
| Loss before income taxes | (5,365) | (7,387) | (10,558) | (17,654) |
| Benefit from income taxes | | | | |
| Net loss | \$ (5,365) | \$ (7,387) | \$ (10,558) | \$ (17,654) |
| Basic loss per share | \$ (.64) | \$ (.88) | \$ (1.26) | \$ (2.10) |
| Cash dividends per share | \$ | \$ | \$ | \$.18 |
| Weighted average number of common shares outstanding | 8,391,244 | 8,391,244 | 8,391,244 | 8,391,244 |
| RETAINED EARNINGS | | | | |
| Balance at beginning of period | \$ 111,475 | \$ 125,765 | \$ 116,668 | \$ 137,543 |
| Net loss | (5,365) | (7,387) | (10,558) | (17,654) |
| Cash dividends paid | | | | (1,511) |
| Balance at end of period | \$ 106,110 | \$ 118,378 | \$ 106,110 | \$ 118,378 |

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Item 1. Financial Statements (Continued).****Skyline Corporation and Subsidiary Companies****Consolidated Statements of Cash Flows****For the Nine-Month Periods Ended February 28, 2013 and February 29, 2012 (Unaudited)****(Dollars in thousands)**

| | February 28, 2013 | February 29, 2012 |
|---|------------------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net loss | \$ (10,558) | \$ (17,654) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Depreciation | 1,523 | 1,779 |
| Gain on sale of idle property, plant and equipment | (1,411) | (2,500) |
| Change in assets and liabilities: | | |
| Restricted cash | (600) | |
| Accrued interest receivable | 4 | 3 |
| Accounts receivable | (2,515) | (239) |
| Inventories | (1,981) | (450) |
| Other current assets | (280) | 849 |
| Accounts payable, trade | 264 | (299) |
| Accrued liabilities | 1,859 | 2,287 |
| Other, net | (71) | 212 |
| Net cash used in operating activities | (13,766) | (16,012) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from principal payments of U.S. Treasury Bills | 48,987 | 53,983 |
| Purchase of U.S. Treasury Bills | (37,993) | (45,989) |
| Proceeds from sale of idle property, plant and equipment | 348 | 4,071 |
| Proceeds from note receivable | 11 | |