

SUPREME INDUSTRIES INC  
Form 10-Q  
August 14, 2006

**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 July 1, 2006

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 No. 1-8183

**SUPREME INDUSTRIES, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**75-1670945**

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

**2581 E. Kercher Rd., P.O. Box 237, Goshen, Indiana 46528**

(Address of principal executive offices)

Registrant's telephone number, including area code: **(574) 642-3070**

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock (\$.10 Par Value)
Class A
Class B

Outstanding at July 25, 2006
10,585,826
2,109,133

SUPREME INDUSTRIES, INC.

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## PART I. FINANCIAL INFORMATION

**ITEM 1. FINANCIAL STATEMENTS.****Supreme Industries, Inc. and Subsidiaries**

## Consolidated Balance Sheets

	July 1, 2006 (Unaudited)	December 31, 2005
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 398,411	\$ 1,515,532
Investments	2,401,379	1,168,922
Accounts receivable, net	33,181,607	29,594,819
Inventories	50,627,371	50,730,205
Other current assets	2,075,217	5,600,299
<b>Total current assets</b>	<b>88,683,985</b>	<b>88,609,777</b>
<b>Property, plant and equipment, at cost</b>	<b>88,690,958</b>	<b>86,801,354</b>
Less, Accumulated depreciation and amortization	41,205,964	39,343,641
<b>Property, plant and equipment, net</b>	<b>47,484,994</b>	<b>47,457,713</b>
<b>Goodwill and intangible assets, net</b>	<b>1,426,833</b>	<b>735,014</b>
<b>Other assets</b>	<b>938,017</b>	<b>549,350</b>
<b>Total assets</b>	<b>\$ 138,533,829</b>	<b>\$ 137,351,854</b>

The accompanying notes are a part of the consolidated financial statements.

	July 1, 2006 (Unaudited)	December 31, 2005
<b>Liabilities and Stockholders Equity</b>		
<b>Current liabilities:</b>		
Current maturities of long-term debt	\$ 1,835,346	\$ 1,816,092
Trade accounts payable	15,657,655	15,675,073
Accrued income taxes	119,478	380,721
Other accrued liabilities	9,360,768	9,947,870
<b>Total current liabilities</b>	26,973,247	27,819,756
<b>Long-term debt</b>	32,470,366	31,378,367
<b>Deferred income taxes</b>	3,136,475	2,988,275
<b>Total liabilities</b>	62,580,088	62,186,398
<b>Stockholders equity</b>	75,953,741	75,165,456
<b>Total liabilities and stockholders equity</b>	\$ 138,533,829	\$ 137,351,854

The accompanying notes are a part of the consolidated financial statements.

## Supreme Industries, Inc. and Subsidiaries

Consolidated Statements of Income (Unaudited)

	Three Months Ended July 1, 2006	June 25, 2005	Six Months Ended July 1, 2006	June 25, 2005
<b>Revenue:</b>				
Net sales	\$ 98,863,512	\$ 95,216,407	\$ 184,610,650	\$ 185,538,711
Other income	96,851	138,914	204,091	300,218
	98,960,363	95,355,321	184,814,741	185,838,929
<b>Costs and expenses:</b>				
Cost of sales	88,332,555	82,970,295	164,474,007	161,666,831
Selling, general and administrative	7,341,767	7,294,334	14,200,733	13,752,416
Interest	834,660	568,387	1,535,585	1,057,033
	96,508,982	90,833,016	180,210,325	176,476,280
<b>Income before income taxes</b>	2,451,381	4,522,305	4,604,416	9,362,649
Income taxes	886,000	1,622,000	1,666,000	3,368,000
<b>Net income</b>	\$ 1,565,381	\$ 2,900,305	\$ 2,938,416	\$ 5,994,649
<b>Earnings per share:</b>				
Basic	\$ .12	\$ .23	\$ .23	\$ .49
Diluted	.12	.23	.23	.47
<b>Shares used in the computation of earnings per share:</b>				
Basic	12,692,632	12,391,341	12,691,143	12,288,776
Diluted	12,892,625	12,708,871	12,913,984	12,651,893
<b>Cash dividends per common share</b>	\$ .095	\$ .035	\$ .19	\$ .07

The accompanying notes are a part of the consolidated financial statements.

## Supreme Industries, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows (Unaudited)

	Six Months Ended July 1, 2006	June 25, 2005
<b>Cash flows from operating activities:</b>		
Net income	\$ 2,938,416	\$ 5,994,649
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	2,132,269	2,031,911
Loss on disposal of property and equipment	21,045	8,561
Provisions for losses on doubtful receivables	101,766	28,735
Changes in operating assets and liabilities net of effect of business acquisition in 2006	(2,355,210 )	(5,914,059 )
<b>Net cash provided by operating activities</b>	<b>2,838,286</b>	<b>2,149,797</b>
<b>Cash flows from investing activities:</b>		
Business acquisition	(1,050,000 )	
Additions to property, plant and equipment	(2,181,914 )	(2,878,352 )
Proceeds from disposal of property and equipment	1,936,518	28,362
Purchases of short-term investments	(1,232,457 )	(1,163,000 )
Decrease (increase) in other assets	(127,160 )	23,817
<b>Net cash used in investing activities</b>	<b>(2,655,013 )</b>	<b>(3,989,173 )</b>
<b>Cash flows from financing activities:</b>		
Proceeds from revolving line of credit and other long-term debt	47,220,558	66,065,429
Repayments of revolving line of credit and other long-term debt	(46,109,305 )	(66,306,043 )
Payment of cash dividends	(2,411,647 )	(862,788 )
Proceeds from exercise of stock options		1,505,588
<b>Net cash provided by (used in) financing activities</b>	<b>(1,300,394 )</b>	<b>402,186</b>
<b>Change in cash and cash equivalents</b>	<b>(1,117,121 )</b>	<b>(1,437,190 )</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,515,532</b>	<b>1,736,483</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 398,411</b>	<b>\$ 299,293</b>
<b>Supplemental disclosure of noncash investing and financing activities:</b>		
Liabilities assumed in business acquisition	\$ 529,347	\$
Cash dividend declared		