

SYRATECH CORP
Form 10-Q
November 16, 2004

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2004

o **TRANSITION PERIOD PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 1-12624

Syrtech Corporation

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction
of incorporation or organization)

13-3354944
(I.R.S. Employer
Identification No.)

175 McClellan Highway
East Boston, Massachusetts
(Address of principal executive office)

02128-9114
(Zip Code)

Registrant's telephone number, including area code - **617-561-2200**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Sections 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 an accelerated filer (as defined in Rule 12b-2 of the Act.) YES NO

Number of Shares of Common Stock, Par Value \$0.01 per share, outstanding at September 30, 2004 - **3,784,018**

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SYRATECH CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current assets:		
Cash and equivalents	\$ 3,395	\$ 1,399
Accounts receivable, net	34,794	31,543
Inventories	46,906	37,500
Deferred income taxes		16,613
Prepaid expenses and other	2,621	2,840
Assets of discontinued operations		15,000
Total current assets	87,716	104,895
Property, plant and equipment, net	11,836	11,478
Other assets, net	2,124	2,231
Total	\$ 101,676	\$ 118,604
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Senior notes	\$ 118,271	\$
Revolving loan facilities and notes payable	24,472	7,518
Accounts payable	14,841	9,821
Accrued expenses	9,621	10,559
Accrued interest	6,086	2,907
Accrued compensation	2,169	2,539
Accrued advertising	3,514	2,916
Deferred gain	1,825	1,990
Income taxes payable	1,479	325
Liabilities of discontinued operations	578	1,538
Total current liabilities	182,856	40,113
Long - term debt		118,271
Deferred income taxes		6,982
Pension liability	2,408	2,308
Deferred gain	5,415	6,742
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$.01 par value, 500,000 shares authorized; (25,000 designated as cumulative redeemable preferred stock, 18,000 shares issued and outstanding, liquidation value of \$18,000, and includes accrued and unpaid dividends of \$24,018 and \$20,549 in 2004 and 2003, respectively)	42,018	38,549
Common stock, \$.01 par value, 20,000,000 shares authorized; 3,784,018 shares issued and outstanding	38	38
Deficit	(130,790)	(94,130)
Accumulated other comprehensive loss	(269)	(269)
Total stockholders' deficit	(89,003)	(55,812)
Total	\$ 101,676	\$ 118,604

See notes to condensed consolidated financial statements.

SYRATECH CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Net sales	\$ 56,162	\$ 70,644	\$ 124,377	\$ 146,690
Cost of sales	39,292	47,664	85,120	102,387
Gross profit	16,870	22,980	39,257	44,303
Selling, general and administrative expenses	14,351	14,841	42,452	40,879
Asset dispositions, impairment of long-lived assets and restructuring costs				