

IMPERIAL INDUSTRIES INC
Form 10-Q
November 12, 2010

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2010

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 1-7190

IMPERIAL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

65-0854631
(I.R.S. Employer
Identification No.)

1259 NW 21 Street, Pompano Beach, FL 33069

(Address of principal executive offices) (Zip Code)

(954) 917-4114

Registrant's telephone number, including area code

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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

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate web site, if any, every Interactive Data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 month (or for such shorter period that the registrant was required to submit and post such files Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer or smaller reporting company. See the definitions of "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Smaller reporting company

Non-accelerated filer (Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2) Yes No

Indicate the number of shares of Imperial Industries, Inc. Common Stock (\$.01 par value) outstanding as of November 10, 2010: 2,550,460.

IMPERIAL INDUSTRIES, INC. AND SUBSIDIARIES

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PART I. FINANCIAL INFORMATION**Item 1.****Financial Statements****IMPERIAL INDUSTRIES, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS**

ASSETS	September 30, 2010 (Unaudited)	December 31, 2009
Current assets:		
Cash and cash equivalents	\$ 1,639,000	\$ 523,000
Restricted cash		100,000
Trade accounts receivable, net	586,000	553,000
Inventories	898,000	938,000
Income tax receivable		1,610,000
Other current assets	44,000	105,000
Current assets held for sale by assignee	41,000	578,000
Total current assets	3,208,000	4,407,000
Property, plant and equipment, at cost, net	1,598,000	1,646,000
Assets held for sale by assignee	1,026,000	1,910,000
Other assets	145,000	147,000
Total assets	\$ 5,977,000	\$ 8,110,000
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 695,000	\$ 616,000
Payable to former preferred stockholders	50,000	50,000
Accrued expenses and other liabilities	457,000	574,000
Current liabilities related to assets held for sale by assignee	4,897,000	5,581,000
Current portion of long-term debt	9,000	44,000
Total current liabilities	6,108,000	6,865,000
Long-term debt, less current maturities	24,000	4,000
Secured financing	1,126,000	1,126,000
Total liabilities	7,258,000	7,995,000
Commitments and contingencies (Note 16)		
Stockholders' equity (deficit):		
Common stock, at par value	25,000	25,000
Additional paid-in capital	14,924,000	14,862,000
Accumulated deficit	(16,230,000)	(14,772,000)

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Total stockholders' equity (deficit)		(1,281,000)		115,000
Total liabilities and stockholders' equity (deficit)	\$	5,977,000	\$	8,110,000

See accompanying notes to consolidated financial statements.

IMPERIAL INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Nine Months Ended		Three Months Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Net Sales	\$ 6,465,000	\$ 6,864,000	\$ 1,897,000	\$ 2,186,000
Cost of Sales	4,637,000	4,781,000	1,388,000	1,454,000
Gross profit	1,828,000	2,083,000	509,000	732,000
Selling, general and administrative expenses	2,668,000	2,988,000	790,000	980,000
Accrued loss contingency (recovery)	(32,000)	627,000		
Operating loss	(808,000)	(1,532,000)	(281,000)	(248,000)
Other (expense) income				
Interest expense	(109,000)	(107,000)	(38,000)	(44,000)
Litigation settlement		193,000		
Miscellaneous expense	(4,000)	6,000	(2,000)	18,000
	(113,000)	92,000	(40,000)	(26,000)
Loss before income taxes	(921,000)	(1,440,000)	(321,000)	(274,000)
Income tax expense				
Loss from continuing operations	(921,000)	(1,440,000)	(321,000)	(274,000)
Loss from discontinued operations, net of taxes	(537,000)	(2,798,000)	(177,000)	(1,530,000)
Net loss	\$ (1,458,000)	\$ (4,238,000)	\$ (498,000)	\$ (1,804,000)
Loss per Common Share:				
Loss from continuing operations basic and diluted	\$ (0.36)	\$ (0.57)	\$ (0.13)	\$ (0.11)
Loss from discontinued operations basic and diluted	(0.21)	(1.10)	(0.07)	(0.60)

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Net loss per share basic and diluted	\$	(0.57)	\$	(1.67)	\$	(0.20)	\$	(0.71)
Weighted average shares outstanding - basic and diluted		2,550,460		2,533,272		2,550,460		2,533,639

See accompanying notes to consolidated financial statements.

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IMPERIAL INDUSTRIES, INC. AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF CASH FLOWS****(UNAUDITED)**

	Nine Months Ended September 30,	
	2010	2009
Cash flows from operating activities:		
Net loss	\$ (1,458,000)	\$ (4,238,000)
Adjustments to reconcile net loss to net cash provided by operations:		
Depreciation	196,000	543,000
Amortization	2,000	19,000
Provision for doubtful accounts	185,000	276,000
Gain on litigation settlement		(193,000)
Share-based compensation	62,000	55,000
Gain on sale of assets, net		(623,000)
Loss on disposal of assets held for sale by assignee, net	3,000	1,850,000
Changes in operating assets and liabilities		
Trade accounts receivable	(50,000)	80,000
Inventories	40,000	142,000
Prepaid expenses and other current assets	60,000	42,000
Other assets		295,000
Accounts payable	79,000	30,000
Due to former shareholders		(6,000)
Accrued expenses and other liabilities	(118,000)	426,000
Deferred compensation		(255,000)
Income taxes receivable	1,610,000	1,044,000
Assets held for sale by assignee	697,000	3,957,000
Liabilities related to assets held for sale held by assignee	(238,000)	(813,000)
Net cash provided by operations	1,070,000	