

GRAHAM CORP
Form 10-Q
October 31, 2012

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 September 30, 2012

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 1-8462

GRAHAM CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware (State or other jurisdiction of incorporation or organization)	16-1194720 (I.R.S. Employer Identification No.)
20 Florence Avenue, Batavia, New York (Address of principal executive offices)	14020 (Zip Code)
585-343-2216 (Registrant's telephone number, including area code)	

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 check mark 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 months (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, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

As of October 29, 2012, there were outstanding 9,989,793 shares of the registrant's common stock, par value \$.10 per share.

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Graham Corporation and Subsidiaries

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As of September 30, 2012 and March 31, 2012 and for the Three and Six-Month Periods

Ended September 30, 2012 and 2011

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GRAHAM CORPORATION AND SUBSIDIARIES

FORM 10-Q

September 30, 2012

PART I - FINANCIAL INFORMATION

Item 1. Unaudited Condensed Consolidated Financial Statements**GRAHAM CORPORATION AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS**

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2012	2011	2012	2011
	(Amounts in thousands, except per share data)			
Net sales	\$ 25,902	\$ 33,595	\$ 48,435	\$ 58,607
Cost of products sold	17,989	20,794	34,286	37,501
Cost of goods sold amortization		1		109
Total cost of goods sold	17,989	20,795	34,286	37,610
Gross profit	7,913	12,800	14,149	20,997
Other expenses and income:				
Selling, general and administrative	4,379	4,339	8,407	7,990
Selling, general and administrative - amortization	57	57	113	107
Interest income	(14)	(15)	(25)	(36)
Interest expense	(370)	185	(290)	205
Total other expenses and income	4,052	4,566	8,205	8,266
Income before provision for income taxes	3,861	8,234	5,944	12,731
Provision for income taxes	1,246	2,766	1,939	4,247
Net income	2,615	5,468	4,005	8,484
Retained earnings at beginning of period	75,573	67,441	74,383	64,623
Dividends	(199)	(198)	(399)	(396)
Retained earnings at end of period	\$ 77,989	\$ 72,711	\$ 77,989	\$ 72,711
Per share data:				
Basic:				
Net income	\$.26	\$.55	\$.40	\$.85
Diluted:				
Net income	\$.26	\$.55	\$.40	\$.85
Weighted average common shares outstanding:				
Basic:	10,031	9,968	10,017	9,954
Diluted:	10,054	10,000	10,041	9,991
Dividends declared per share	\$.02	\$.02	\$.04	\$.04

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

	Three Months Ended September 30,		Six Months Ended September 30,	
	2012	2011	2012	2011
	(Amounts in thousands)			
Net income	\$ 2,615	\$ 5,468	\$ 4,005	\$ 8,484
Other comprehensive income:				
Foreign currency translation adjustment	3	29	(12)	56
Defined benefit pension and other postretirement plans net of tax of \$78 and \$35 for the three months ended September 30, 2012 and 2011, respectively, and \$157 and \$70 for the six months ended September 30, 2012 and 2011, respectively	144	63	287	126
Total other comprehensive income	147	92	275	182
Total comprehensive income	\$ 2,762	\$ 5,560	\$ 4,280	\$ 8,666

See Notes to Condensed Consolidated Financial Statements.

GRAHAM CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	September 30, 2012	March 31, 2012
(Amounts in thousands, except per share data)		
Assets		
Current assets:		
Cash and cash equivalents	\$ 24,423	\$ 25,189
Investments	22,498	16,499
Trade accounts receivable, net of allowances (\$53 and \$43 at September 30 and March 31, 2012, respectively)	11,549	11,593
Unbilled revenue	9,758	12,667
Inventories	9,669	6,047
Prepaid expenses and other current assets	628	467
Income taxes receivable	3,294	4,479
Deferred income tax asset	37	37
Total current assets	81,856	76,978
Property, plant and equipment, net	13,136	13,453
Prepaid pension asset	2,622	2,238
Goodwill	6,938	6,938
Permits	10,300	10,300
Other intangible assets, net	4,878	4,968
Other assets	61	102
Total assets	\$ 119,791	\$ 114,977
Liabilities and stockholders' equity		
Current liabilities:		
Current portion of capital lease obligations	\$ 88	\$ 85
Accounts payable	8,559	6,303
Accrued compensation	4,621	4,652
Accrued expenses and other current liabilities	3,617	3,707
Customer deposits	5,490	7,257
Deferred income tax liability	2,280	2,244
Total current liabilities	24,655	24,248
Capital lease obligations	170	203
Accrued compensation	290	293
Deferred income tax liability	7,466	7,404
Accrued pension liability	228	229
Accrued postretirement benefits	914	895
Other long-term liabilities	82	85
Total liabilities	33,805	33,357
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, \$1.00 par value - Authorized, 500 shares		
Common stock, \$.10 par value - Authorized, 25,500 shares Issued, 10,326 and 10,297 shares at September 30 and March 31, 2012, respectively	1,033	1,030

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Capital in excess of par value	18,150	17,745
Retained earnings	77,989	74,383
Accumulated other comprehensive loss	(7,885)	(8,160)
Treasury stock (336 and 346 shares at September 30 and March 31, 2012, respectively)	(3,301)	(3,378)
Total stockholders' equity	85,986	81,620
Total liabilities and stockholders' equity	\$ 119,791	\$ 114,977