

DELTA APPAREL, INC
Form 10-Q
February 05, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended December 27, 2014

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 1-15583
DELTA APPAREL, INC.

(Exact name of registrant as specified in its charter)

GEORGIA 58-2508794
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

322 South Main Street
Greenville, SC 29601
(Address of principal executive offices) (Zip Code)
(864) 232-5200

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

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 a "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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

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 January 30, 2015, there were outstanding 7,891,553 shares of the registrant's common stock, par value of \$0.01 per share, which is the only class of outstanding common or voting stock of the registrant.

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PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

Delta Apparel, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

(Amounts in thousands, except share amounts and per share data)

(Unaudited)

	December 27, 2014	September 27, 2014
Assets		
Current assets:		
Cash and cash equivalents	\$238	\$612
Accounts receivable, less allowances of \$3,627 and \$3,159 respectively	52,225	68,802
Income tax receivable	2,153	1,360
Inventories, net	175,615	162,188
Prepaid expenses and other current assets	5,710	4,534
Deferred income taxes	12,504	12,152
Total current assets	248,445	249,648
Property, plant and equipment, net of accumulated depreciation of \$76,862 and \$75,801 respectively	40,401	41,005
Goodwill	36,729	36,729
Intangibles, net	23,167	23,500
Other assets	3,587	3,696
Total assets	\$352,329	\$354,578
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$59,959	\$57,719
Accrued expenses	18,642	20,167
Current portion of long-term debt	6,954	15,504
Total current liabilities	85,555	93,390
Long-term debt, less current maturities	123,471	114,469
Deferred income taxes	4,408	3,399
Other liabilities	1,317	1,513
Contingent consideration	3,665	3,600
Total liabilities	\$218,416	\$216,371
Shareholders' equity:		
Preferred stock—\$0.01 par value, 2,000,000 shares authorized, none issued and outstanding	—	—
Common stock —\$0.01 par value, 15,000,000 shares authorized, 9,646,972 shares issued, and 7,891,553 and 7,877,674 shares outstanding as of December 27, 2014 and September 27, 2014, respectively		96
Additional paid-in capital	59,409	59,649
Retained earnings	95,409	99,622
Accumulated other comprehensive loss	(273) (269
Treasury stock —1,755,419 and 1,769,298 shares as of December 27, 2014 and September 27, 2014, respectively	(20,728) (20,891

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Total shareholders' equity	133,913	138,207
Total liabilities and shareholders' equity	\$352,329	\$354,578

See accompanying Notes to Condensed Consolidated Financial Statements.

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Delta Apparel, Inc. and Subsidiaries
 Condensed Consolidated Statements of Operations
 (Amounts in thousands, except per share data)
 (Unaudited)

	Three Months Ended	
	December 27, 2014	December 28, 2013
Net sales	\$93,381	\$100,012
Cost of goods sold	78,055	80,970
Gross profit	15,326	19,042
Selling, general and administrative expenses	18,540	19,843
Change in fair value of contingent consideration	65	—
Other income, net	(62) (127
Operating loss	(3,217) (674
Interest expense, net	1,528	1,458
Loss before benefit from income taxes	(4,745) (2,132
Benefit from income taxes	(534)