

DIXIE GROUP INC
Form 10-Q
November 04, 2009

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 10-Q

(Mark One)

S

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

For the quarterly period
ended: September 26, 2009

or

o

**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: 0-2585

THE DIXIE GROUP, INC.
(Exact name of Registrant as specified in its charter)

Tennessee

62-0183370

(State or other jurisdiction of incorporation or organization)

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

104 Nowlin Lane, Suite 101, Chattanooga, TN

37421

(423) 510-7000

(Address of principal executive offices)

(zip code)

(Registrant's telephone number, including area code)

Not Applicable

(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. S Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). o Yes o No

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

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

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

The number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date.

Class	Outstanding as of October 23, 2009
Common Stock, \$3 Par Value	11,920,483 shares

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Class B Common Stock, \$3 Par Value	858,447 shares
Class C Common Stock, \$3 Par Value	0 shares

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements**

THE DIXIE GROUP, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(dollars in thousands)

	Sept. 26, 2009	Dec. 27, 2008
ASSETS	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents	\$ 102	\$ 113
Receivables (less allowance for doubtful accounts of \$1,213 for 2009 and \$961 for 2008)	25,102	32,976
Inventories	59,153	75,167
Other current assets	5,063	5,893
TOTAL CURRENT ASSETS	89,420	114,149
PROPERTY, PLANT AND EQUIPMENT		
Land and improvements	6,088	6,088
Buildings and improvements	47,536	46,892
Machinery and equipment	128,742	131,297
	182,366	184,277
Less accumulated depreciation and amortization	(98,179)	(90,217)
NET PROPERTY, PLANT AND EQUIPMENT	84,187	94,060
OTHER ASSETS		
Goodwill	---	33,406
Other long-term assets	12,672	11,048
TOTAL OTHER ASSETS	12,672	44,454
TOTAL ASSETS	\$ 186,279	\$ 252,663
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 10,026	\$ 11,335
Accrued expenses	13,389	16,356
Current portion of long-term debt	8,959	8,832
TOTAL CURRENT LIABILITIES	32,374	36,523

LONG-TERM DEBT		
Senior indebtedness	55,303	68,549
Capital lease obligations	791	1,806
Convertible subordinated debentures	12,162	14,662
TOTAL LONG-TERM DEBT	68,256	85,017
DEFERRED INCOME TAXES	3,450	10,713
OTHER LONG-TERM LIABILITIES	11,660	12,822
COMMITMENTS AND CONTINGENCIES	---	---
STOCKHOLDERS' EQUITY		
Common Stock (\$3 par value per share):		
Authorized 80,000,000 shares,		
issued - 15,843,942 shares for 2009 and		
15,840,374 shares for 2008	47,532	47,521
Class B Common Stock (\$3 par value per share):		
Authorized 16,000,000		
shares, issued - 858,447 shares for 2009 and		
862,915 shares for 2008	2,575	2,589
Additional paid-in capital	136,405	136,015
Accumulated deficit	(57,458)	(18,840)
Accumulated other comprehensive loss	(186)	(509)
	128,868	166,776
Less Common Stock in treasury at cost - 3,923,459		
shares for 2009 and 4,086,546 shares for 2008		
	(58,329)	(59,188)
TOTAL STOCKHOLDERS' EQUITY	70,539	107,588
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 186,279	\$ 252,663

See accompanying notes to the consolidated condensed financial statements.

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THE DIXIE GROUP, INC.
CONSOLIDATED CONDENSED STATEMENTS
OF OPERATIONS
(UNAUDITED)

(dollars in thousands, except per share data)

	Three Months Ended		Nine Months Ended	
	Sept. 26, 2009	Sept. 27, 2008	Sept. 26, 2009	Sept. 27, 2008
Net sales	\$ 50,487	\$ 72,917	\$ 150,698	\$ 220,794
Cost of sales	36,911	54,029	113,166	158,796
Gross profit	13,576	18,888	37,532	61,998
Selling and administrative expenses	14,857	18,733	45,338	56,754
Other operating income	(212)	(56)	(560)	(292)
Other operating expense	79	178	384	546
Facility consolidation and severance expenses	563	---	2,295	---
Impairment of goodwill	---	---	31,406	---
Operating income (loss)	(1,711)	33	(41,331)	4,990
Interest expense	1,347	1,483	4,243	4,414
Other income	(20)	(165)	(339)	(348)

Other expense	146	5	167	31
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Income (loss) from continuing operations before taxes	(3,184)	(1,290)	(45,402)	893
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Income tax provision (benefit)	(1,167)	(558)	(6,960)	260
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Income (loss) from continuing operations	(2,017)	(732)	(38,442)	633
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Income (loss) from discontinued operations, net of tax	23	(101)	(176)	
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