

MARINE PRODUCTS CORP
Form 10-Q
May 05, 2009

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 March 31, 2009

Commission File No. 1-16263

MARINE PRODUCTS CORPORATION
(exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or
organization)

58-2572419
(I.R.S. Employer Identification Number)

2801 Buford Highway, Suite 520, Atlanta, Georgia 30329
(Address of principal executive offices) (zip code)

Registrant's telephone number, including area code -- (404) 321-7910

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "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

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 April 24, 2009, Marine Products Corporation had 36,901,290 shares of common stock outstanding.

Marine Products Corporation

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MARINE PRODUCTS CORPORATION AND SUBSIDIARIES
PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2009 AND DECEMBER 31, 2008
(In thousands)
(Unaudited)

	March 31, 2009	December 31, 2008 (Note 1)
ASSETS		
Cash and cash equivalents	\$ 9,427	\$ 4,622
Marketable securities	19,057	8,799
Accounts receivable, net	1,213	5,575
Inventories	19,408	22,453
Income taxes receivable	4,769	2,464
Deferred income taxes	913	1,116
Prepaid expenses and other current assets	1,218	1,681
Total current assets	56,005	46,710
Property, plant and equipment, net	14,192	14,579
Goodwill	3,308	3,308
Other intangibles, net	465	465
Marketable securities	27,034	37,953
Deferred income taxes	2,479	2,934
Other assets	4,324	4,344
Total assets	\$ 107,807	\$ 110,293
 LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable	\$ 1,733	\$ 1,437
Accrued expenses and other liabilities	12,508	12,281
Total current liabilities	14,241	13,718
Pension liabilities	4,984	5,285
Other long-term liabilities	444	501
Total liabilities	19,669	19,504
Common stock	3,690	3,643
Capital in excess of par value	-	-
Retained earnings	85,564	88,535
Accumulated other comprehensive loss	(1,116)	(1,389)
Total stockholders' equity	88,138	90,789
Total liabilities and stockholders' equity	\$ 107,807	\$ 110,293

The accompanying notes are an integral part of these consolidated statements.

MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(In thousands except per share data)

(Unaudited)

	Three months ended March 31,	
	2009	2008
Net sales	\$ 13,806	\$ 65,542
Cost of goods sold	13,864	52,078
Gross (loss) profit	(58)	13,464
Selling, general and administrative expenses	4,699	8,259
Operating (loss) income	(4,757)	5,205
Interest income	455	563
(Loss) income before income taxes	(4,302)	5,768
Income tax (benefit) provision	(1,816)	1,636
Net (loss) income	\$ (2,486)	\$ 4,132
(Loss) Earnings per share		
Basic	\$ (0.07)	\$ 0.12
Diluted	\$ (0.07)	\$ 0.11
Dividends per share	\$ 0.010	\$ 0.065
Average shares outstanding		
Basic	35,981	35,728
Diluted	35,981	36,504

The accompanying notes are an integral part of these consolidated statements.

MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2009

(In thousands)

(Unaudited)

	Comprehensive Income (Loss)	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Retained Earnings	Accumulated Other	Total
Balance, December 31, 2008		36,425	\$ 3,643	\$ -	\$ 88,535	\$ (1,389)	\$ 90,789
Stock issued for stock incentive plans, net		625	62	(131)	—	—	(69)
Stock purchased and retired		(149)	(15)	(527)	(116)	—	(658)
Net loss	\$ (2,486)	—	—	—	(2,486)	—	(2,486)
Other comprehensive income, net of tax:							
Pension adjustment	140	—	—	—	—	140	140
Unrealized gain (loss) on securities, net of reclassification adjustment	133	—	—	—	—	133	133
Comprehensive income (loss)	\$ (2,213)						
Dividends declared		—	—	—	(369)	—	(369)
Stock-based compensation		—	—	400	—	—	400
Excess tax benefits for share - based payments		—	—	258	—	—	258
Balance, March 31, 2009		36,901	\$ 3,690	\$ -	\$ 85,564	\$ (1,116)	\$ 88,138

The accompanying notes are an integral part of this consolidated statement.

MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2009 AND 2008

(In thousands)

(Unaudited)

	Three months ended March 31,	
	2009	2008
OPERATING ACTIVITIES		
Net (loss) income	\$ (2,486)	\$ 4,132
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	400	451
Stock-based compensation expense	400	374
Excess tax benefits for share-based payments	(258)	(582)
Deferred income tax provision (benefit)	270	(580)
(Increase) decrease in assets:		
Accounts receivable	4,362	(806)
Inventories	3,045	747
Prepaid expenses and other current assets	463	234
Income taxes receivable	(2,047)	1,178
Other non-current assets	20	149
Increase (decrease) in liabilities:		
Accounts payable	296	2,346
Accrued expenses and other liabilities	227	4,484
Other long-term liabilities	(142)	(99)
Net cash provided by operating activities	4,550	12,028
INVESTING ACTIVITIES		
Capital expenditures	(13)	(129)
Purchases of marketable securities	(3,829)	(11,647)
Sales of marketable securities	2,696	6,923
Maturities of marketable securities	2,000	1,000
Net cash provided by (used for) investing activities	854	(3,853)
FINANCING ACTIVITIES		
Payment of dividends	(369)	(2,339)
Excess tax benefits for share-based payments	258	582
Cash paid for common stock purchased and retired	(500)	(1,558)
Proceeds received upon exercise of stock options	12	37
Net cash used for financing activities	(599)	(3,278)
Net increase in cash and cash equivalents	4,805	4,897
Cash and cash equivalents at beginning of period	4,622	3,233
Cash and cash equivalents at end of period	\$ 9,427	\$ 8,130

The accompanying notes are an integral part of these consolidated statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL

The accompanying unaudited condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (all of which consisted of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended March 31, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

The balance sheet at December 31, 2008 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended December 31, 2008.

A group that includes the Company's Chairman of the Board, R. Randall Rollins and his brother Gary W. Rollins, who is also director of the Company, and certain companies under their control, controls in excess of fifty percent of the Company's voting power.

2. EARNINGS PER SHARE

Statement of Financial Accounting Standard ("SFAS") 128, "Earnings Per Share," requires a basic earnings per share and diluted earnings per share presentation. The two calculations differ as a result of the dilutive effect of stock options and time lapse restricted shares and performance restricted shares included in diluted earnings per share, but excluded from basic earnings per share. Basic and diluted earnings per share are computed by dividing net (loss) income by the weighted average number of shares outstanding during the respective periods. A reconciliation of weighted average shares outstanding is as follows:

MARINE PRODUCTS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in thousands except per share data amounts)	Three months ended March 31,	
	2009	2008
Net (loss) income (Numerator for basic and diluted earnings per share)	\$ (2,486)	\$ 4,132
Shares (denominator):		
Weighted average shares outstanding (denominator for basic earnings per share)	35,981	35,728
Dilutive effect of stock options and restricted shares	-	776
Adjusted weighted average shares outstanding (denominator for diluted earnings per share)	35,981	36,504
(Loss) earnings per share:		
Basic	\$ (0.07)	\$ 0.12
Diluted	\$ (0.07)	\$ 0.11

The effect of the Company's stock options and restricted shares as shown below have been excluded from the computation of diluted (loss) earnings per share for the following periods, as their effect would have been anti-dilutive: