

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q/A

Quarterly report pursuant to sections 13 or 15(d) [amend]

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FILER

**INTERFACE INC**

CIK: **715787** | IRS No.: **581451243** | State of Incorpor.: **GA** | Fiscal Year End: **1231**  
Type: **10-Q/A** | Act: **34** | File No.: **000-12016** | Film No.: **94514140**  
SIC: **2273** Carpets & rugs

Business Address  
*ORCHARD HILL RD*  
*P O BOX 1503*  
*LAGRANGE GA 30241*  
*4043196471*

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q/A

/ X / Quarterly Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For Quarterly Period Ended October 3, 1993

Commission File Number 0-12016  
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INTERFACE, INC.  
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(Exact name of registrant as specified in its charter)

GEORGIA  
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58-1451243  
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(State or other jurisdiction of  
incorporation or organization)

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

ORCHARD HILL ROAD, P.O. BOX 1503, LAGRANGE, GEORGIA 30241  
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(Address of principal executive offices and zip code)

(706) 882-1891  
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(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 X No  
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Shares outstanding of each of the registrant's classes of common stock at  
November 1, 1993:

Class  
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Number of Shares  
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Class A Common Stock, \$.10 par value per share	14,123,847
Class B Common Stock, \$.10 par value per share	3,214,387

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Part I, Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, is deleted in its entirety and the following is inserted in lieu thereof:

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL  
CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS. For the three month and nine month periods ended October 3, 1993, the Company's net sales increased \$23.9 million (16.6%) and \$5.2 million (1.2%), respectively, compared to the same periods in 1992. The increase was primarily attributable to (i) sales generated by Bentley Mills, Inc., which was acquired during June 1993, (ii) increased sales volume in the Company's carpet tile operations in Asia-Pacific, particularly Southeast Asia and Australia, (iii) improved volume in the Company's Latin America operation, and (iv) continued improvement in unit volume in the Company's interior fabric and chemical operations. These increases in sales were somewhat offset by the strengthening of the U.S. dollar against certain key European currencies, particularly the pound sterling; slow sales in the Japan and Continental Europe carpet tile markets, which have continued to experience a recessionary economic climate; and competitive price pressures, particularly in the U.S. carpet tile market.

Cost of sales decreased as a percentage of sales for the three month period ended October 3, 1993, compared to the same period in the prior year, while increasing for the nine month period compared to the same period in 1992. The decrease in cost of sales for the three months ended October 3, 1993 was due primarily to increased efficiencies in the Company's carpet manufacturing operations as a result of increased production efficiencies, improved quality and reduced waste, particularly in the United States and Europe where significant capital improvements were made. The increase for the nine month period was due primarily to (i) increased cost associated with the Company's Netherlands manufacturing facility, which experienced unfavorable foreign currency exchange rates in certain of its export markets, particularly the United Kingdom, Spain, Italy and Sweden, and (ii) competitive price pressures in the United States.

Selling, general and administrative expense as a percentage of sales decreased for the three and nine months ended October 3, 1993, compared to the same periods in 1992, primarily as a result of continued cost control measures which were implemented in 1991 and 1992 throughout the Company, particularly in Europe.

For the three month and nine month periods ended October 3, 1993, the Company's other expense increased \$1.7 million and \$1.2 million, respectively, compared to the same periods in 1992. The increase is primarily due to increased

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interest expense on bank debt incurred in conjunction with the acquisition of Bentley in June 1993.

Due, by and large, to the aforementioned factors, coupled with the dividends paid on the Series A Preferred Shares, the Company's net income increased 81.0% and decreased 7.7%, respectively, for the three months and nine months ended October 3, 1993, compared to the same periods in 1992.

LIQUIDITY AND CAPITAL RESOURCES. The primary uses of cash for the nine month period ended October 3, 1993 have been: (i) \$10.3 million associated with the acquisition of Bentley, (ii) \$11.2 million for additions to property and equipment in the Company's manufacturing facilities, (iii) \$4.9 million for a business acquisition in the Company's interior fabrics division, (iv) \$1.3 million for investment in patents, and (v) \$3.5 million for dividends paid on common stock. These uses of cash were funded, in part, by \$18.1 million in operating activities and \$13.0 million from long-term financing.

The Company, as of October 3, 1993, recognized a \$6.1 million decrease in foreign currency translation adjustments compared to that of January 3, 1993, primarily due to the movement of the U.S. dollar against two key functional currencies, the British pound sterling and the Dutch guilder. This adjustment to shareholders' equity was converted by the guidelines of the Financial Accounting Standards Board (FASB) 52.

In June 1993, the Company amended and restated its existing revolving credit and term loan facilities, and issued \$25.0 million in preferred stock in conjunction with the purchase of Bentley. The amendment, among other things, increased the outstanding term loan by \$55.0 million and reduced the revolving credit facility by approximately \$20.0 million.

Management believes that the cash provided by operations and available under long-term loan commitments will provide adequate funds for current commitments and other requirements in the foreseeable future.

Bentley Mills' City of Industry, California plant is located in the San Gabriel Valley, which has been generally designated as a Superfund site. Neither the Environmental Protection Agency nor the potentially responsible party ("PRP") group has asserted that Bentley is a PRP in connection with such Superfund site.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTERFACE, INC.

Date: February 28, 1994

By: /s/Daniel T. Hendrix

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Daniel T. Hendrix  
Vice President  
(Principal Financial Officer)

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