

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
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FILER

DOUGLAS & LOMASON CO

CIK: **29854** | IRS No.: **380495110** | State of Incorporation: **MI** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-00627** | Film No.: **94527894**
SIC: **2531** Public bldg & related furniture

Business Address
24600 HALLWOOD CT
FARMINGTON HILLS MI 48335
3134787800

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 quarter ended March 31, 1994

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 0-627

Douglas & Lomason Company
(exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction of
incorporation or organization)

38-0495110
(I.R.S. Employer
Identification No.)

24600 Hallwood Court, Farmington Hills, Michigan 48335-1671
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (810) 478-7800

Former name, former address and former fiscal year, if changed since last year: Same

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 and (2) has been subject to such

filing requirements for the past 90 days.

YES X NO

CLASS	OUTSTANDING AT MAY 12, 1994
Common stock, \$2 par value	4,227,970

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<CAPTION>

DOUGLAS & LOMASON COMPANY

Consolidated Condensed Balance Sheets

	March 31 1994	December 31 1993
<S>	<C>	<C>
ASSETS		
Current assets:		
Notes and accounts receivable	\$ 72,928,269	\$ 70,458,109
Inventories		
Raw materials	9,229,209	7,796,730
Work in process and finished goods	8,523,811	6,638,703
	17,753,020	14,435,433
Cash and other current assets	11,649,157	9,330,661
	102,330,446	94,224,203
Property, plant and equipment, net	70,069,896	69,109,773
Other non-current assets	10,392,954	10,949,345
Total assets	\$182,793,296	\$174,283,321

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Short term debt	\$ 6,000,000	\$ 7,000,000
Current maturities of long-term debt	5,829,315	5,829,315
Accounts payable and accrued expenses	50,361,156	44,390,029
Taxes on income	2,736,736	800,149

Total current liabilities	64,927,207	58,019,493
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Postretirement benefits other than

pensions	6,765,105	6,521,094
Other liabilities	10,450,072	10,242,484
Long-term debt, less current maturities	20,077,929	21,825,630
Shareholders' equity		
Preferred stock		
No par value, authorized 500,000 shares, issued - none		
Common stock		
Par value \$2 per share authorized 10,000,000 shares; issued and outstanding 4,227,970 shares in 1994 and 4,197,570 in 1993	8,455,940	8,454,440
Other capital	27,991,101	27,986,476
Retained earnings	44,125,942	41,233,704
Total shareholders' equity	80,572,983	77,674,620
Total liabilities and shareholders' equity	\$182,793,296	\$174,283,321

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DOUGLAS & LOMASON COMPANY

Consolidated Condensed Statements of Income

	Three Months Ended March 31	
	1994	1993
<S>	<C>	<C>
Net sales	\$123,465,958	\$115,403,041
Cost of sales	112,310,166	102,990,849
Gross profit	11,155,792	12,412,192
Selling, general and administrative expense	5,441,947	5,058,969
Operating income	5,713,845	7,353,223
Other income (expenses):		
Interest expense	(616,409)	(710,464)
Interest income and other	202,599	149,480
	(413,810)	(560,984)

Earnings before provision for income taxes	5,300,035	6,792,239
Income tax expenses	1,985,000	2,430,000
Earnings before cumulative effect of change in accounting	3,315,035	4,362,239
Cumulative effect of change in accounting for postretirement benefits, net of income taxes	---	3,756,930
Net earnings	\$ 3,315,035	\$ 605,309
Earnings per share before cumulative effect of change in accounting	\$.78	\$ 1.04
Cumulative per share effect of change in accounting	---	.90
Net earnings per share	\$.78	\$.14
Weighted average number of shares	4,227,745	4,195,770

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<CAPTION>

DOUGLAS & LOMASON COMPANY

Consolidated Condensed Statements of Cash Flows

	Three Months Ended	
	March 31	
	1994	1993
<S>	<C>	<C>
Cash flows from operating activities:		
Net earnings	\$ 3,315,035	\$ 605,309
Depreciation	3,076,632	2,724,651
Postretirement benefits other than pensions	---	5,963,381
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	(2,470,160)	(20,804,779)
Decrease (increase) in inventories	(3,317,587)	(2,782,780)
Decrease (increase) in other assets	636,946	(165,511)
Increase (decrease) in accounts payable, and accrued expenses	5,971,127	11,862,061
Increase (decrease) in other liabilities	2,388,186	(99,322)
Net cash provided (used) by operating activities	9,600,179	(2,696,990)

Cash flows from investing activities:

Proceeds from the sale of property, plant and equipment	73,499	11,065
Acquisition of property, plant and equipment	(4,110,254)	(4,206,677)
Net cash used by investing activities	(4,036,755)	(4,195,612)

Cash flows from financing activities:

Repayment of long-term debt	(1,747,701)	(1,347,701)
Proceeds from short-term borrowings, net	---	2,000,000
Repayment of short-term debt	(1,000,000)	---
Proceeds from exercised stock options, net	6,125	45,938
Dividends paid	(422,797)	(419,607)
Net cash used by financing activities	(3,164,373)	278,630
Net increase (decrease) in cash	2,399,051	(6,613,972)
Cash at beginning of year	2,745,818	8,238,779
Cash at end of quarter	\$ 5,144,869	\$ 1,624,807

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DOUGLAS & LOMASON COMPANY

Notes to Consolidated Condensed Financial Statements

1. In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position as of March 31, 1994 and 1993, and the results of operations for the three months then ended, and changes in financial position for the three months then ended, subject to year end audit adjustments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Liquidity and Capital Resources

Funds provided from operations of \$9.6 million were the principal source of cash in the first quarter of 1994. Capital expenditures of \$4.1 million and financing activities, principally debt repayment, of \$3.2 million resulted in a positive cash flow of \$2.4 million. At March 31, 1994, the Company had available borrowings of \$14.0 million from its lines of credit at two banks in addition to cash of \$5.1 million.

Results of Operations

Net Sales

Net sales for the quarter ended March 31, 1994, were \$123.5 million an increase of 7.0 % over the \$115.4 million in the first quarter of 1993. Industry sales of automobiles, vans and light trucks were up significantly in the first quarter of 1994.

Cost of Sales

The cost of sales as a percentage of net sales increased 1.8% in the first quarter of 1994 compared to the same period of 1993. This decline in gross margin reflects continued pressure from customers for price reductions and concessions and higher raw material prices.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in the first quarter of 1994 only increased \$383,000 on the higher sales level but remained at the percentage of sales as the first quarter 1993. Additional staffing in the Chantland Division contributed to this increase.

Depreciation Expense

Depreciation expense in the first quarter of 1994 of \$3.1 million increased by \$.4 million or 13% from the same period of 1993. This increase was a result of the capital expenditures of \$20.5 million in 1993.

Interest Expense

Interest expense in the first quarter of 1994 decreased 13% or \$94,000 from the same period of 1993, principally as a result of the lower debt level in 1994.

Net Earnings

Net earnings of \$3.3 million or \$.78 per share decreased \$1.1 million or 24% from the \$4.4 million or \$1.04 per share in 1993 before the cumulative effect of the change in accounting in 1993, which amounted to \$3.8 million or \$.90 per share.

Financial Condition

The balance sheet remained strong at the end of the first quarter of 1994. The current ratio stood at 1.58-to-1, and long-term debt at the end of the first quarter of 1994 declined 17.3% to \$20.1 million from \$24.3 million at the end of the first quarter last year. Inventories declined 17.4% from \$21.5 million to \$17.8 million.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

There were no reports on Form 8-K filed by the Registrant during the first quarter of 1994.

SIGNATURES

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.

DOUGLAS & LOMASON COMPANY

(Registrant)

Date: May 12, 1994

/s/ James J. Hoey

James J. Hoey
Senior Vice President &
Chief Financial Officer
(Duly Authorized Officer and
Principal Financial Officer)