

LACROSSE FOOTWEAR INC
Form 10-Q
April 26, 2012
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2012

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 000-23800

LaCrosse Footwear, Inc.

(Exact name of Registrant as specified in its charter)

Wisconsin
(State or other jurisdiction of
incorporation or organization)

39-1446816
(I.R.S. Employer
Identification No.)

17634 NE Airport Way

Portland, Oregon 97230
(Address, zip code of principal executive offices)
(503) 262-0110

(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 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 (§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). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$.01 par value, outstanding as of April 24, 2012: 6,509,562 shares

Table of Contents

LACROSSE FOOTWEAR, INC.

Form 10-Q Index

	Page
PART I.	
<u>Financial Information</u>	
Item 1. <u>Condensed Consolidated Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets as of March 31, 2012 (Unaudited) and March 26, 2011 (Unaudited) and December 31, 2011</u>	3
<u>Condensed Consolidated Statements of Operations and Comprehensive Income (Unaudited) for the quarters ended March 31, 2012 and March 26, 2011</u>	4
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) for the quarters ended March 31, 2012 and March 26, 2011</u>	5
<u>Notes to Interim Unaudited Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	14
Item 4. <u>Controls and Procedures</u>	14
<u>PART II.</u>	
Other Information	
Item 1. <u>Legal Proceedings</u>	14
Item 1A. <u>Risk Factors</u>	14
Item 6. <u>Exhibits</u>	15
<u>Signatures</u>	16

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. Condensed Consolidated Financial Statements****LACROSSE FOOTWEAR, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

(UNAUDITED)

<i>(in thousands, except share and per share data)</i>	March 31, 2012	December 31, 2011	March 26, 2011
Assets:			
Current Assets:			
Cash and cash equivalents (Note 2)	\$ 402	\$ 774	\$ 527
Trade and other accounts receivable, less allowances of \$464, \$679, and \$426, respectively	18,059	22,726	15,666
Inventories, net (Note 3)	43,070	48,648	46,869
Prepaid expenses and other	1,276	1,398	984
Deferred tax assets	1,711	1,771	1,675
Total current assets	64,518	75,317	65,721
Property and equipment, net of accumulated depreciation of \$15,995, \$15,092, and \$12,675, respectively	16,353	16,143	16,000
Goodwill	10,753	10,753	10,753
Other assets	271	222	243
Total assets	\$ 91,895	\$ 102,435	\$ 92,717
Liabilities and Shareholders' Equity:			
Current Liabilities:			
Short-term borrowings (Notes 2 and 6)	\$ 8,643	\$ 16,869	\$ 6,247
Accounts payable	6,593	7,463	10,553
Accrued compensation	1,977	1,789	1,301
Product warranty and other accruals (Note 4)	1,640	2,939	1,994
Total current liabilities	18,853	29,060	20,095
Long-term debt	107	138	225
Deferred revenue	565	550	548
Deferred lease obligations	923	895	813
Compensation and benefits (Note 8)	6,981	7,214	4,146
Deferred tax liabilities	1,189	1,450	3,053
Total liabilities	28,618	39,307	28,880
Shareholders' Equity:			
Common stock, par value \$.01 per share; authorized 50,000,000 shares; issued 6,717,627 shares	67	67	67
Additional paid-in capital	31,830	31,600	31,122
Accumulated other comprehensive loss (Note 9)	(5,906)	(6,058)	(3,640)
Retained earnings (Note 11)	38,284	38,538	37,327
Less cost of 208,065, 213,003 and 217,759 shares of treasury stock, respectively	(998)	(1,019)	(1,039)
Total shareholders' equity	63,277	63,128	63,837

Edgar Filing: LACROSSE FOOTWEAR INC - Form 10-Q

Total liabilities and shareholders' equity	\$ 91,895	\$ 102,435	\$ 92,717
--	-----------	------------	-----------

See notes to interim unaudited condensed consolidated financial statements.

- 3 -

Table of Contents**LACROSSE FOOTWEAR, INC.**

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(UNAUDITED)

(in thousands, except per share data)

	Quarter Ended	
	March 31, 2012	March 26, 2011
Net sales	\$ 33,285	\$ 25,188
Cost of goods sold	20,654	14,751
Gross profit	12,631	10,437
Selling and administrative expenses	11,577	11,384
Operating income (loss)	1,054	(947)
Non-operating expense, net	(123)	(125)
Income (loss) before income taxes	931	(1,072)
Income tax provision (benefit) (Note 5)	371	(422)
Net income (loss)	\$ 560	\$ (650)
Net income (loss) per common share (Note 1):		
Basic	\$ 0.09	\$ (0.10)
Diluted	\$ 0.08	\$ (0.10)
Weighted average number of common shares outstanding:		
Basic	6,508	6,485
Diluted	6,608	6,485
Other comprehensive income (Note 9)		
Foreign currency translation gain	152	91
Other comprehensive income	152	91
Comprehensive income (loss)	\$ 712	\$ (559)

See notes to interim unaudited condensed consolidated financial statements.

Table of Contents**LACROSSE FOOTWEAR, INC.**

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(in thousands)

	Quarter Ended	
	March 31, 2012	March 26, 2011
Cash flows from operating activities:		
Net income (loss)	\$ 560	\$ (650)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	945	883
Stock-based compensation expense (Note 7)	201	257
Deferred income taxes	(200)	260
Loss on disposal of property and equipment		74
Changes in operating assets and liabilities:		
Trade and other accounts receivable	4,684	7,190
Inventories	5,669	(6,724)
Accounts payable	(798)	(5,993)
Accrued expenses and other	(1,263)	(4,163)
Net cash provided by (used in) operating activities	9,798	(8,866)
Cash flows from investing activities:		
Purchases of property and equipment	(1,243)	(791)
Cash flows from financing activities:		
Net proceeds from (reductions in) short-term borrowings (Note 2)	(8,226)	6,247
Cash dividends paid	(814)	(812)
Proceeds from exercise of stock options	53	451
Net cash provided by (used in) financing activities	(8,987)	5,886
Effect of foreign currency exchange rate changes on cash and cash equivalents	60	24
Net decrease in cash and cash equivalents	(372)	(3,747)
Cash and cash equivalents:		
Beginning of period	774	4,274
End of period	\$ 402	\$ 527
Supplemental information:		
Cash payments for income taxes	\$ 1,546	\$ 870
Cash payments for interest	\$ 86	\$ 7

See notes to interim unaudited condensed consolidated financial statements.

Table of Contents**LACROSSE FOOTWEAR, INC.****Notes to Interim Unaudited Condensed Consolidated Financial Statements****Note 1. Interim Financial Reporting**

Basis of Presentation LaCrosse Footwear, Inc. (NASDAQ: BOOT) is referred to as we, us, or our in this report. The accompanying condensed consolidated financial statements were 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, we have condensed or omitted certain information and footnote disclosures that are included in our annual financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the related notes included in our Annual Report on Form 10-K for the year ended December 31, 2011. These unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments (which consist of normal, recurring adjustments) necessary for a fair presentation of the financial position, results of operations and comprehensive income, and cash flows for the periods presented.

These unaudited condensed consolidated financial statements include the accounts of LaCrosse Footwear, Inc., and our wholly owned subsidiaries. All inter-company accounts and transactions have been eliminated in consolidation.

We report our quarterly interim financial information based on 13-week periods. The nature of the 13-week calendar requires that the first three quarters end on a Saturday and the year end on December 31. As a result, every first quarter and every fourth quarter have a different number of days than in the prior year's quarters. The results of the interim periods are not necessarily indicative of the results for the full year. Historically, our net sales and our operating income have been more heavily weighted to the second half of the year.

Use of Estimates We are required to make certain estimates and assumptions which affect the amounts of assets, liabilities, revenues, and expenses we have reported, and our disclosure of any contingent assets and liabilities at the date of the financial statements. Actual results could differ materially from these estimates and assumptions.

Net Income (Loss) per Common Share We present our net income (loss) on a per share basis for both basic and diluted common shares. Basic net income (loss) per common share is computed using the weighted average number of common shares outstanding during the period. The diluted net income (loss) per common share calculation assumes all stock options were exercised and converted into common stock at the beginning of the period, unless their effect would be anti-dilutive. For the quarter ended March 26, 2011, common stock equivalents of 176,000 shares were excluded from the calculation of diluted weighted average shares outstanding as their inclusion would have been anti-dilutive given the net loss for the period. A reconciliation of the shares used in the basic and diluted net income (loss) per common share is as follows (in thousands):

	Quarter Ended	
	March 31, 2012	March 26, 2011
Basic weighted average shares outstanding	6,508	6,485
Dilutive stock options	100	
Diluted weighted average shares outstanding	6,608	6,485