

KATY INDUSTRIES INC
Form 10-Q
August 12, 2013

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: June 28, 2013

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 001-05558

Katy Industries, Inc.
(Exact name of registrant as specified in its charter)

Delaware 75-1277589
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

305 Rock Industrial Park Drive, Bridgeton, Missouri 63044
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (314) 656-4321

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 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 a smaller reporting company. See the 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 (Do not check if a smaller reporting company) Smaller reporting company

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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.

Class	Outstanding at July 26, 2013
Common Stock, \$1 Par Value	7,951,176 Shares

KATY INDUSTRIES, INC.
 FORM 10-Q
 June 28, 2013

INDEX

	<u>Page</u>
PART I FINANCIAL INFORMATION	
Item 1. Financial Statements:	
<u>Condensed Consolidated Balance Sheets June 28, 2013 (unaudited) and December 31, 2012</u>	3,4
<u>Condensed Consolidated Statements of Operations and Comprehensive Income For the Three and Six Months Ended June 28, 2013 and June 29, 2012 (unaudited)</u>	5
<u>Condensed Consolidated Statements of Cash Flows For the Six Months Ended June 28, 2013 and June 29, 2012 (unaudited)</u>	6
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 4. <u>Controls and Procedures</u>	20
PART II <u>OTHER INFORMATION</u>	21
Item 1. <u>Legal Proceedings</u>	21
Item 1A. <u>Risk Factors</u>	21
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
Item 3. <u>Defaults Upon Senior Securities</u>	21
Item 4. <u>Mine Safety Disclosures</u>	21
Item 5. <u>Other Information</u>	21
Item 6. <u>Exhibits</u>	21
<u>Signatures</u>	22
Certifications	23-26

IndexPART I FINANCIAL INFORMATIONItem 1. Financial Statements

KATY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 AS OF JUNE 28, 2013 (UNAUDITED) AND DECEMBER 31, 2012
 (Amounts in Thousands)

ASSETS

	June 28, 2013	December 31, 2012
CURRENT ASSETS:		
Cash	\$519	\$ 621
Accounts receivable, net	10,045	9,270
Inventories, net	12,644	12,733
Other current assets	985	1,456
Assets held for sale	201	1,675
Total current assets	24,394	25,755
OTHER ASSETS:	1,542	1,835
PROPERTY AND EQUIPMENT		
Land and improvements	251	251
Buildings and improvements	3,084	3,084
Machinery and equipment	51,943	51,783
	55,278	55,118
Less - Accumulated depreciation	(47,748)	(46,716)
Property and equipment, net	7,530	8,402
Total assets	\$33,466	\$ 35,992

See Notes to Condensed Consolidated Financial Statements.

Index

KATY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS
 AS OF JUNE 28, 2013 (UNAUDITED) AND DECEMBER 31, 2012
 (Amounts in Thousands, Except Share Data)

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 28, 2013	December 31, 2012
CURRENT LIABILITIES:		
Accounts payable	\$7,345	\$6,172
Book overdraft	375	493
Accrued compensation	1,547	1,423
Accrued expenses	8,394	8,775
Payable to related party	2,500	2,250
Deferred revenue	186	688
Revolving credit agreement	10,391	10,903
Total current liabilities	30,738	30,704
DEFERRED REVENUE	413	1,917
OTHER LIABILITIES	5,610	5,964
Total liabilities	36,761	38,585
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY		
15% Convertible preferred stock, \$100 par value; authorized 1,200,000 shares; issued and outstanding 1,131,551 shares; liquidation value \$113,155	108,256	108,256
Common stock, \$1 par value; authorized 35,000,000 shares; issued 9,822,304 shares	9,822	9,822
Additional paid-in capital	27,110	27,110
Accumulated other comprehensive loss	(2,474)	(2,463)
Accumulated deficit	(124,572)	(123,881)
Treasury stock, at cost, 1,871,128 shares	(21,437)	(21,437)
Total stockholders' equity	(3,295)	(2,593)
Total liabilities and stockholders' equity	\$33,466	\$35,992

See Notes to Condensed Consolidated Financial Statements.

Index

KATY INDUSTRIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
 FOR THE THREE AND SIX MONTHS ENDED JUNE 28, 2013 AND JUNE 29, 2012
 (Amounts in Thousands, Except Per Share Data)
 (Unaudited)

	Three Months		Six Months Ended	
	Ended June 28, 2013	June 29, 2012	June 28, 2013	June 29, 2012
Net sales	\$20,804	\$21,395	\$38,965	\$39,760
Cost of goods sold	17,370	17,926	33,118	33,633
Gross profit	3,434	3,469	5,847	6,127
Selling, general and administrative expenses	2,900	3,852	6,285	7,843
Severance, restructuring and related charges	37	-	321	