

DIXIE GROUP INC
Form 10-Q
May 12, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

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

For the quarterly period ended April 2, 2011

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: 0-2585

THE DIXIE GROUP, INC.

(Exact name of Registrant as specified in its charter)

Tennessee

62-0183370

(State or other jurisdiction of incorporation or organization)

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

104 Nowlin Lane, Suite 101, Chattanooga, TN 37421

(423) 510-7000

(Address of principal executive offices)

(zip code)

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 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, or a non-accelerated filer, or a smaller reporting company. See definition 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act.) Yes No

The number of shares outstanding of each of the issuer's classes of Common Stock as of the latest practicable date.

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Class	Outstanding as of April 26, 2011
Common Stock, \$3 Par Value	12,023,839 shares
Class B Common Stock, \$3 Par Value	882,644 shares
Class C Common Stock, \$3 Par Value	0 shares

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

THE DIXIE GROUP, INC.

CONSOLIDATED CONDENSED BALANCE SHEETS

(dollars in thousands, except share data)

	April 2, 2011 (Unaudited)	December 25, 2010
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$281	\$244
Receivables (less allowance for doubtful accounts of \$667 for 2011 and \$466 for 2010)	29,881	28,550
Inventories	66,750	58,289
Deferred income taxes	5,487	5,527
Other current assets	2,809	1,416
TOTAL CURRENT ASSETS	105,208	94,026
PROPERTY, PLANT AND EQUIPMENT	179,105	178,019
Less accumulated depreciation and amortization	(110,227) (107,773
NET PROPERTY, PLANT AND EQUIPMENT	68,878	70,246
OTHER ASSETS	14,101	13,830
TOTAL ASSETS	\$188,187	\$178,102
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$16,778	\$11,939
Accrued expenses	20,283	18,446
Current portion of long-term debt	6,541	7,145
TOTAL CURRENT LIABILITIES	43,602	37,530
LONG-TERM DEBT		
Senior indebtedness	51,562	47,876
Capital lease obligations	494	532
Convertible subordinated debentures	9,662	9,662
TOTAL LONG-TERM DEBT	61,718	58,070
DEFERRED INCOME TAXES	4,578	4,759
OTHER LONG-TERM LIABILITIES	14,601	15,313
TOTAL LIABILITIES	124,499	115,672
COMMITMENTS AND CONTINGENCIES	—	—
STOCKHOLDERS' EQUITY		
Common Stock (\$3 par value per share): Authorized 80,000,000 shares, issued - 15,998,937 shares for 2011 and 15,922,480 shares for 2010	47,997	47,767
Class B Common Stock (\$3 par value per share): Authorized 16,000,000 shares, issued - 882,644 shares for 2011 and 867,761 shares for 2010	2,648	2,604
Additional paid-in capital	137,628	137,235
Accumulated deficit	(66,127) (66,750

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Accumulated other comprehensive income (loss)	64	(31)
	122,210	120,825	
Less Common Stock in treasury at cost - 3,975,098 shares for 2011 and 3,947,327 shares for 2010	(58,522) (58,395)
TOTAL STOCKHOLDERS' EQUITY	63,688	62,430	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$188,187	\$178,102	

See accompanying notes to the consolidated condensed financial statements.

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THE DIXIE GROUP, INC.
 CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
 (UNAUDITED)

(dollars in thousands, except per share data)

	Three Months Ended	
	April 2, 2011	March 27, 2010
NET SALES	\$65,954	\$50,454
Cost of sales	49,384	38,101
GROSS PROFIT	16,570	12,353
Selling and administrative expenses	15,393	14,358
Other operating income	(574) (59
Other operating expense	83	129
Facility consolidation and severance expenses	—	211
OPERATING INCOME (LOSS)	1,668	(2,286
Interest expense	932	1,235
Other income	(24) (11
Other expense	7	9
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE TAXES	753	(3,519
Income tax provision (benefit)	109	(1,060