

NORTHWEST PIPE CO
Form 10-Q
April 27, 2012

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: September 30, 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: 0-27140

NORTHWEST PIPE COMPANY

(Exact name of registrant as specified in its charter)

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OREGON
(State or other jurisdiction of
incorporation or organization)

93-0557988
(I.R.S. Employer
Identification No.)

5721 SE Columbia Way
Suite 200

Vancouver, Washington 98661

(Address of principal executive offices and zip code)

360-397-6250

(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 a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer 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

Common Stock, par value \$.01 per share
(Class)

9,371,111
(Shares outstanding at April 23, 2012)

NORTHWEST PIPE COMPANY

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EXPLANATORY NOTE

In this Quarterly Report on Form 10-Q for the quarter ended September 30, 2011 (the September 2011 Form 10-Q), Northwest Pipe Company (the Company) is restating its previously reported unaudited condensed consolidated financial statements as of September 30, 2010 and December 31, 2010, and for the three and nine months ended September 30, 2010 in Part I Item 1, Financial Statements to correct material errors identified in such previously issued financial statements. In this filing the Company is also updating Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations to reflect the effects of the restatement as it relates to the three and nine months ended September 30, 2010. Except as required to reflect the effects of the restatement for the items above, no additional modifications or updates to the consolidated financial statements or data in this Form 10-Q have been made to the consolidated financial statements or data for the three and nine months ended September 30, 2010.

For further detail on the financial statement impacts and the adjustments made as a result of the restatement, see Note 14 of the Condensed Consolidated Financial Statements in Part I Item 1, Financial Statements.

Concurrent with the filing of this September 2011 Form 10-Q, the Company is filing its Annual Report on Form 10-K for the year ended December 31, 2011 (the 2011 Form 10-K), which contains restated financial statements as of December 31, 2010 and for the years ended December 31, 2010 and December 31, 2009. The December 31, 2010 condensed consolidated balance sheet included in this September 2011 Form 10-Q reflects the restated information included in our 2011 Form 10-K. Also concurrent with this report, the Company is filing its amended Quarterly Reports on Form 10-Q/A for the quarters ended March 31, 2011 and June 30, 2011 which include the restatement of financial statements as of and for the three months ended March 31, 2011 and March 31, 2010 and as of and for the three and six months ended June 30, 2011 and June 30, 2010, respectively.

Ineffectiveness of Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Company has determined that certain material weaknesses in its internal controls continued to exist as of September 30, 2011. For a description of the material weaknesses in our internal control over financial reporting and our plan to remediate those material weaknesses, see Part I -Item 4, Controls and Procedures of this report. In addition, as a result of the existence of material weaknesses in our internal controls, we have also concluded that our disclosure controls and procedures were not effective as of September 30, 2011.

NORTHWEST PIPE COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and per share data)

	September 30, 2011	December 31, 2010 As Restated
Assets		
Current assets:		
Cash and cash equivalents	\$ 72	\$ 51
Trade and other receivables, less allowance for doubtful accounts of \$2,118 and \$2,151	85,181	66,474
Costs and estimated earnings in excess of billings on uncompleted contracts	47,621	45,533
Inventories	91,889	80,887
Refundable income taxes		15,099
Deferred income taxes	7,481	6,293
Prepaid expenses and other	2,099	2,163
Total current assets	234,343	216,500
Property and equipment, net	152,156	154,274
Goodwill	20,478	21,451
Other assets	15,565	22,658
Total assets	\$ 422,542	\$ 414,883
Liabilities and Stockholders Equity		
Current liabilities:		
Current portion of long-term debt	\$ 5,714	\$ 5,714
Current portion of capital lease obligations	3,388	3,257
Accounts payable	27,996	28,463
Accrued liabilities	21,533	11,448
Billings in excess of costs and estimated earnings on uncompleted contracts	11,095	14,808
Total current liabilities	69,726	63,690
Note payable to financial institution	62,000	68,000
Long-term debt, less current portion	13,500	17,786
Capital lease obligations, less current portion	13,156	15,705
Deferred income taxes	16,811	14,582
Other long-term liabilities	8,739	8,828
Total liabilities	183,932	188,591
Commitments and contingencies (Note 5)		
Stockholders equity:		
Preferred stock, \$.01 par value, 10,000,000 shares authorized, none issued or outstanding		
Common stock, \$.01 par value, 15,000,000 shares authorized, 9,348,701 and 9,298,156 shares issued and outstanding	94	93
Additional paid-in-capital	108,193	107,578
Retained earnings	131,670	120,477
Accumulated other comprehensive loss	(1,347)	(1,856)
Total stockholders equity	238,610	226,292
Total liabilities and stockholders equity	\$ 422,542	\$ 414,883

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The accompanying notes are an integral part of these condensed consolidated financial statements.

NORTHWEST PIPE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
		As Restated		As Restated
Net sales	\$ 139,265	\$ 112,770	\$ 394,524	\$ 289,277
Cost of sales	122,751	102,289	346,571	265,684
Gross profit	16,514	10,481	47,953	23,593
Selling, general and administrative expense	6,467	8,275	19,359	22,071
Operating income	10,047	2,206	28,594	1,522
Other expense (income)	950	138	1,347	(289)
Interest income	(4)	(216)	(27)	(643)
Interest expense	2,247	2,463	7,440	6,234
Income (loss) before income taxes	6,854	(179)	19,834	(3,780)
Provision for (benefit from) income taxes	3,570	(45)	8,641	(996)
Net income (loss)	\$ 3,284	\$ (134)	\$ 11,193	\$ (2,784)
Basic earnings (loss) per share	\$ 0.35	\$ (0.01)	\$ 1.20	\$ (0.30)
Diluted earnings (loss) per share	\$ 0.35	\$ (0.01)	\$ 1.20	\$ (0.30)
Shares used in per share calculations:				
Basic	9,346	9,290	9,326	9,273
Diluted	9,373	9,290	9,359	9,273

The accompanying notes are an integral part of these condensed consolidated financial statements.

NORTHWEST PIPE COMPANY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Nine months ended September 30, 2011	As Restated 2010
Cash Flows From Operating Activities:		
Net income (loss)	\$ 11,193	\$ (2,784)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	10,703	10,221
Amortization of intangible assets	50	156
Allowance on notes receivable	4,071	
Provision for doubtful accounts	(33)	(124)
Equity in earnings of unconsolidated subsidiary, net of dividends received	394	192
Amortization of debt issuance costs	1,532	905
Deferred income taxes	1,041	4,151
Loss on disposal of property and equipment	180	228
Gain on sale of business	(2,887)	
Stock based compensation expense	519	594
Tax benefit from stock option plans		31
Unrealized gain on foreign currency forward contracts	(804)	(687)
Changes in operating assets and liabilities:		
Trade and other receivables, net	(21,468)	(36,866)
Costs and estimated earnings in excess of billings on uncompleted contracts, net	(5,801)	(8,482)
Inventories	(14,549)	(6,419)
Refundable income taxes	15,099	(3,255)
Prepaid expenses and other assets	1,087	1,616
Accounts payable	(1,333)	3,308
Accrued and other liabilities	10,508	2,341
Net cash provided by (used in) operating activities	9,502	(34,874)
Cash Flows From Investing Activities:		
Additions to property and equipment	(11,496)	(15,537)
Proceeds from sale of business	13,727	
Proceeds from the sale of property and equipment	96	18
Issuance of notes receivable		(450)
Insurance proceeds		321
Other investing activities	800	
Net cash provided by (used in) investing activities	3,127	(15,648)

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