

CHAMPION INDUSTRIES INC
Form 10-Q
March 10, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 JANUARY 31, 2008

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 No. 0-21084

Champion Industries, Inc.
(Exact name of Registrant as specified in its charter)

West Virginia
(State or other jurisdiction of
incorporation or
organization)

55-0717455
(I.R.S. Employer
Identification No.)

2450-90 1st Avenue
P.O. Box 2968
Huntington, WV 25728
(Address of principal executive offices)
(Zip Code)

(304) 528-2700
(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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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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 issuers classes of common stock, as of the latest practicable date.

Class	Outstanding at January 31, 2008
Common stock, \$1.00 par value per share	9,987,913 shares

Champion Industries, Inc.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

Champion Industries, Inc. and Subsidiaries
Consolidated Balance Sheets

ASSETS	January 31, 2008 (Unaudited)	October 31, 2007 (Audited)
Current assets:		
Cash and cash equivalents	\$ 519,748	\$ 5,793,120
Accounts receivable, net of allowance of \$1,518,000 and \$1,511,000	21,791,060	23,239,103
Inventories	10,882,377	11,504,847
Income tax refund	378,820	632,439
Other current assets	1,441,819	882,535
Deferred income tax assets	969,664	969,664
Total current assets	35,983,488	43,021,708
Property and equipment, at cost:		
Land	2,120,689	2,120,689
Buildings and improvements	12,326,645	12,262,229
Machinery and equipment	55,936,149	55,763,920
Furniture and fixtures	4,103,272	4,088,761
Vehicles	3,209,573	3,185,555
	77,696,328	77,421,154
Less accumulated depreciation	(49,172,822)	(48,164,640)
	28,523,506	29,256,514
Cash surrender value of officers' life insurance	834,106	834,106
Goodwill	38,854,364	38,853,657
Deferred financing costs	1,748,426	1,818,140
Other intangibles, net of accumulated amortization	16,519,048	16,779,241
Trademark & masthead	18,515,316	18,515,316
Other assets	81,717	132,909
	76,552,977	76,933,369
Total assets	\$ 141,059,971	\$ 149,211,591

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries
Consolidated Balance Sheets (continued)

LIABILITIES AND SHAREHOLDERS' EQUITY	January 31, 2008 (Unaudited)	October 31, 2007 (Audited)
Current liabilities:		
Accounts payable	\$ 3,789,015	\$ 5,491,189
Accrued payroll	1,857,966	2,460,287
Taxes accrued and withheld	817,353	1,294,125
Accrued expenses	1,669,659	3,433,971
Current portion of long-term debt	5,019,641	5,033,637
Total current liabilities	13,153,634	17,713,209
Long-term debt, net of current portion:		
Notes payable, line of credit	12,525,496	15,540,496
Notes payable, term	62,515,937	63,837,402
Other liabilities	670,867	10,950
Deferred income tax liabilities	3,382,447	3,382,447
Total liabilities	92,248,381	100,484,504
Shareholders' equity:		
Common stock, \$1 par value, 20,000,000 shares authorized; 9,987,913 and 9,968,913 shares issued and outstanding		
	9,987,913	9,968,913
Additional paid-in capital	22,768,610	22,733,300
Retained earnings	16,715,434	16,036,224
Other comprehensive loss	(660,367)	(11,350)
Total shareholders' equity	48,811,590	48,727,087
Total liabilities and shareholders' equity	\$ 141,059,971	\$ 149,211,591

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries
Consolidated Statements of Income
(Unaudited)

	Three Months Ended January 31,	
	2008	2007
Revenues:		
Printing	\$ 25,180,134	\$ 25,862,367
Office products and office furniture	10,077,857	9,076,966
Newspaper	5,035,782	-
Total revenues	40,293,773	34,939,333
Cost of sales & newspaper operating costs:		
Printing	17,801,054	18,238,302
Office products and office furniture	7,325,443	6,350,004
Newspaper cost of sales & operating costs	2,270,730	-
Total cost of sales & newspaper operating costs	27,397,227	24,588,306
Gross profit	12,896,546	10,351,027
Selling, general and administrative expenses	9,692,709	8,130,331
Income from operations	3,203,837	2,220,696
Other income (expense):		
Interest income	25,237	5,230
Interest expense	(1,749,182)	(133,903)
Other	13,214	4,023
	(1,710,731)	(124,650)
Income before income taxes	1,493,106	2,096,046
Income tax expense	(214,859)	(827,885)
Net income	\$ 1,278,247	\$ 1,268,161
Earnings per share:		
Basic	\$ 0.13	\$ 0.13
Diluted	\$ 0.13	\$ 0.13
Weighted average shares outstanding:		
Basic	9,981,000	9,939,000
Diluted	10,045,000	10,110,000
Dividends per share	\$ 0.06	\$ 0.06

See notes to consolidated financial statements.

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Champion Industries, Inc. and Subsidiaries
Consolidated Statements of Shareholders' Equity

	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Other Comprehensive Loss	Total
Balance, October 31, 2007	9,968,913	\$ 9,968,913	\$ 22,733,300	\$ 16,036,224	\$ (11,350)	\$ 48,727,087
Net income for 2008	-	-	-	1,278,247	-	1,278,247
Dividends (\$0.06 per share)	-	-	-	(599,037)	-	(599,037)
Stock options exercised	19,000	19,000	35,310	-	-	54,310
Other comprehensive loss	-	-	-	-	(649,017)	(649,017)
Balance, January 31, 2008	9,987,913	\$ 9,987,913	\$ 22,768,610	\$ 16,715,434	\$ (660,367)	\$ 48,811,590

See notes to consolidated financial statements.

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Champion Industries, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended January 31,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 1,278,247	\$ 1,268,161
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization		