

LSB INDUSTRIES INC
Form 10-Q/A
August 14, 2009
LSB Industries, Inc.

Form 10-Q/A (6-30-2009)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q/A
Amendment No. 1

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

For the quarterly period ended June 30, 2009

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 1-7677

LSB Industries, Inc.
Exact name of Registrant as specified in its charter

Delaware 73-1015226
State or other jurisdiction of I.R.S. Employer Identification No.
incorporation or organization

16 South Pennsylvania Avenue, Oklahoma City, Oklahoma 73107
Address of principal executive offices Zip Code

(405) 235-4546
Registrant's telephone number, including area code

____ None _____
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 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

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(Facing Sheet Continued)

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

(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 Act). Yes No

The number of shares outstanding of the Registrant's voting common stock, as of July 31, 2009 was 21,484,308 shares, excluding 3,867,462 shares held as treasury stock.

Explanatory Note

The Form 10-Q for LSB Industries, Inc. for the quarterly period ended June 30, 2009 ("Form 10-Q"), as filed with the Securities and Exchange Commission ("SEC") on August 6, 2009, is being amended by this Amendment No. 1 solely to correct two typographical errors on the June 30, 2009 condensed consolidated balance sheet on page 5 of such Form 10-Q. The correct amount for total current liabilities is \$60,103 instead of \$60,1039 and the correct amount for retained earnings is \$39,971 instead of \$39,671. These amounts were correctly stated in our press release as to second quarter 2009 results and Exhibit 99.1 of our Form 8-K, as filed with the SEC on August 7, 2009. In addition, none of the other numbers contained in the condensed consolidated financial statements and notes thereto of the Form 10-Q reflect or were affected by the typographical errors.

In connection with filing of this Amendment No. 1 and pursuant to Rule 12b-15, certain certifications are attached as exhibits hereto. The remainder of the Form 10-Q is unchanged and is not reproduced in this Amendment No. 1. Except for the foregoing amended information, the Form 10-Q continues to describe conditions as of the date of the original filing of such Form 10-Q.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Information at June 30, 2009 is unaudited)

	June 30, 2009	December 31, 2008
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 63,008	\$ 46,204
Restricted cash	375	893
Accounts receivable, net	64,122	78,846
Inventories:		
Finished goods	27,716	30,679
Work in process	2,589	2,954
Raw materials	21,376	27,177
Total inventories	51,681	60,810
Supplies, prepaid items and other:		
Prepaid insurance	1,467	3,373
Precious metals	14,575	14,691
Supplies	4,800	4,301
Other	1,841	1,378
Total supplies, prepaid items and other	22,683	23,743
Deferred income taxes	7,777	11,417
Total current assets	209,646	221,913
Property, plant and equipment, net	108,780	104,292
Other assets:		
Debt issuance costs, net	1,988	2,607
Investment in affiliate	3,766	3,628
Goodwill	1,724	1,724
Other, net	1,812	1,603
Total other assets	9,290	9,562
	\$ 327,716	\$ 335,767

(Continued on following page)

	June 30, 2009	December 31, 2008
	(In Thousands)	
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 31,222	\$ 43,014
Short-term financing	452	2,228
Accrued and other liabilities	26,393	39,236
Current portion of long-term debt	2,036	1,560
Total current liabilities	60,103	86,038
Long-term debt	97,305	103,600
Noncurrent accrued and other liabilities	9,950	9,631
Deferred income taxes	8,528	6,454
Contingencies (Note 10)		
Stockholders' equity:		
Series B 12% cumulative, convertible preferred stock, \$100 par value; 20,000 shares issued and outstanding	2,000	2,000
Series D 6% cumulative, convertible Class C preferred stock, no par value; 1,000,000 shares issued	1,000	1,000
Common stock, \$.10 par value; 75,000,000 shares authorized, 25,348,770 shares issued (24,958,330 at December 31, 2008)	2,535	2,496
Capital in excess of par value	129,076	127,337
Accumulated other comprehensive loss	-	(120)
Retained earnings	39,971	19,804
	174,582	152,517
Less treasury stock at cost:		
Common stock, 3,867,462 shares (3,848,518 at December 31, 2008)	22,752	22,473
Total stockholders' equity	151,830	130,044
	\$ 327,716	\$ 335,767

See accompanying notes.

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	Six Months		Three Months	
	2009	2008	2009	2008
	(In Thousands, Except Per Share Amounts)			
Net sales	\$ 288,760	\$ 358,507	\$ 138,563	\$ 198,052
Cost of sales	210,205	277,009	100,736	154,311
Gross profit	78,555	81,498	37,827	43,741
Selling, general and administrative expense	44,421	40,222	23,046	21,458
Provisions for losses on accounts receivable	28	292	(24)	202
Other expense	334	657	291	476
Other income	(190)	(8,329)	(28)	(7,719)
Operating income	33,962	48,656	14,542	29,324
Interest expense	2,939	3,720	1,028	1,266
Gains on extinguishment of debt	(1,743)	-	(421)	-
Non-operating other income, net	(34)	(862)	(11)	(345)
Income from continuing operations before provisions for income taxes and equity in earnings of affiliate	32,800	45,798	13,946	28,403
Provisions for income taxes	12,800	17,429	5,451	10,709
Equity in earnings of affiliate	(488)	(462)	(248)	(230)
Income from continuing operations	20,488	28,831	8,743	17,924
Net loss from discontinued operations	15	17	13	17
Net income	20,473	28,814	8,730	17,907
Dividends, dividend requirements and stock dividend on preferred stocks	306	306	-	-
Net income applicable to common stock	\$ 20,167	\$ 28,508	\$ 8,730	\$ 17,907
Weighted-average common shares:				
Basic	21,174	21,115	21,238	21,172
Diluted	23,587	24,908	23,674	24,827
Income per common share:				
Basic	\$.95	\$ 1.35	\$.41	\$.85
Diluted	\$.89	\$ 1.21	\$.38	\$.75

See accompanying notes.

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
Six Months Ended June 30, 2009

	Common Stock Shares	Non- Redeemable Preferred Stock	Common Stock Par Value	Capital in Excess of Par Value	Accumulated Other Comprehensive Loss	Retained Earnings	Treasury Stock- Common	Total
(In Thousands)								
Balance at December 31, 2008	24,958	\$3,000	\$2,496	\$127,337	\$ (120)	\$19,804	\$(22,473)	\$130,044
Net income						20,473		20,473
Amortization of cash flow hedge					120			120
Total comprehensive income								20,593
Dividends paid on preferred stock						(306)		(306)
Stock-based compensation				514				514
Exercise of stock options	389		39	740			(279)	500
Excess income tax benefit associated with stock-based compensation				481				481
Conversion of shares of redeemable preferred stock to common stock	2			4				4
Balance at June 30, 2009	25,349	\$3,000	\$2,535	\$129,076	\$ -	\$39,971	\$(22,752)	\$151,830

Note: For the six and three months ended June 30, 2009, total comprehensive income was \$20,593,000 and \$8,778,000, respectively. For the six and three months ended June 30, 2008, total comprehensive income was \$28,903,000 and \$17,951,000, respectively.

See accompanying notes.

LSB INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
Six Months Ended June 30, 2009 and 2008

	2009	2008
	(In Thousands)	
Cash flows from continuing operating activities:		
Net income	\$ 20,473	\$ 28,814
Adjustments to reconcile net income to net cash provided by continuing operating activities:		
Net loss from discontinued operations	15	17
Deferred income taxes	5,538	4,185
Gain on extinguishment of debt	(1,743)	-
Gain on litigation judgment associated with property, plant and equipment	-	(3,943)
Losses on sales and disposals of property and equipment	220	82
Depreciation of property, plant and equipment	7,684	6,269
Amortization	451	554
Stock-based compensation	514	384
Provisions for losses on accounts receivable	28	292
Provision for (realization of) losses on inventory	(3,024)	184
Provision for losses on firm sales commitments	514	-
Provision for impairment of long-lived assets	-	192
Equity in earnings of affiliate	(488)	(462)
Distributions received from affiliate	350	280
Changes in fair value of commodities contracts	969	(861)
Changes in fair value of interest rate contracts	(649)	(709)
Cash provided (used) by changes in assets and liabilities:		
Accounts receivable	15,790	(25,338)
Inventories	12,153	(12,085)
Other supplies and prepaid items	1,315	(1,764)
Accounts payable	(11,703)	11,129
Customer deposits	(2,121)	(1,395)
Deferred rent expense	(1,424)	(4,733)
Other current and noncurrent liabilities	(9,730)	1,932
Net cash provided by continuing operating activities	35,132	3,024
Cash flows from continuing investing activities:		
Capital expenditures	(12,406)	