

P&F INDUSTRIES INC
Form 10-Q
May 14, 2007

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 March 31, 2007

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 - 5332

P&F INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

22-1657413

(I.R.S. Employer Identification Number)

**445 Broadhollow Road, Suite 100, Melville, New
York**

(Address of principal executive offices)

11747

(Zip Code)

Registrant's telephone number, including area code: **(631) 694-9800**

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, 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

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

As of May 14, 2007, there were 3,587,160 shares of the registrant's Class A Common Stock outstanding.

P&F INDUSTRIES, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007

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Signature

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

P&F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED BALANCE SHEETS

	March 31, 2007	December 31, 2006 (derived from audited financial statements)
	(unaudited)	
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 803,199	\$ 1,339,882
Accounts receivable net	15,724,437	12,685,388
Notes and other receivables	930,394	1,206,600
Inventories net	34,520,769	26,692,615
Deferred income taxes net	980,000	980,000
Assets held for sale	576,535	576,535
Assets of discontinued operations	272,140	300,339
Income tax refund receivable	1,338,494	1,356,310
Prepaid expenses and other current assets	1,579,661	1,369,403
TOTAL CURRENT ASSETS	56,725,629	46,507,072
PROPERTY AND EQUIPMENT		
Land	1,549,773	1,174,773
Buildings and improvements	7,549,153	5,716,144
Machinery and equipment	14,617,779	9,249,720
	23,716,705	16,140,637
Less accumulated depreciation and amortization	8,724,853	8,411,447
NET PROPERTY AND EQUIPMENT	14,991,852	7,729,190
GOODWILL	25,001,438	24,921,473
OTHER INTANGIBLE ASSETS net	14,190,963	10,897,333
ASSETS OF DISCONTINUED OPERATIONS	32,860	40,436
OTHER ASSETS net	445,510	311,721
TOTAL ASSETS	\$ 111,388,252	\$ 90,407,225

See accompanying notes to consolidated condensed financial statements (unaudited).

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	March 31, 2007	December 31, 2006 (derived from audited financial statements)
	(unaudited)	
LIABILITIES AND SHAREHOLDERS EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	\$ 8,500,000	\$ 3,000,000
Accounts payable	5,993,291	7,691,869
Income taxes payable	369,547	435,237
Accrued compensation	436,012	2,158,279
Other accrued liabilities	3,983,380	3,068,036
Current maturities of long-term debt	8,331,229	7,559,681
Liabilities of discontinued operations	1,313,536	1,426,222
TOTAL CURRENT LIABILITIES	28,926,995	25,339,324
LONG-TERM DEBT, less current maturities	29,274,784	12,059,758
LIABILITIES OF DISCONTINUED OPERATIONS	350,382	352,971
DEFERRED INCOME TAXES net	1,134,000	1,134,000
TOTAL LIABILITIES	59,686,161	38,886,053
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS EQUITY		
Preferred stock - \$10 par; authorized - 2,000,000 shares; no shares outstanding		
Common stock		
Class A - \$1 par; authorized - 7,000,000 shares; issued - 3,859,767 and 3,850,367 shares at March 31, 2007 and December 31, 2006, respectively		
	3,859,767	3,850,367
Class B - \$1 par; authorized - 2,000,000 shares; no shares issued		
Additional paid-in capital	9,237,328	9,191,598
Retained earnings	40,976,173	40,850,384
Treasury stock, at cost - 272,607 shares	(2,371,177) (2,371,177)
TOTAL SHAREHOLDERS EQUITY	51,702,091	51,521,172
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 111,388,252	\$ 90,407,225

See accompanying notes to consolidated condensed financial statements (unaudited).

P&F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS (unaudited)

	Three months ended March 31,	
	2007	2006
Net revenues	\$ 24,958,887	\$ 26,849,503
Cost of sales	17,211,284	18,602,203
Gross profit	7,747,603	8,247,300
Selling, general and administrative expenses	6,853,189	6,299,390
Operating income	894,414	1,947,910
Interest expense net	651,658	491,954
Earnings from continuing operations before income taxes	242,756	1,455,956
Income taxes	96,000	584,000
Earnings from continuing operations	146,756	871,956
(Loss) earnings from operation of discontinued operations (net of tax benefit (expense) of \$14,000 for 2007 and \$(1,000) for 2006)	(20,967)	2,045
Net earnings	\$ 125,789	\$ 874,001
Basic earnings per common share:		
Continuing operations	\$.04	\$.24
Discontinued operations	\$.04	\$.24
Diluted earnings (loss) per common share:		
Continuing operations	\$.04	\$.23
Discontinued operations	(.01)	
	\$.03	\$.23
Weighted average common shares outstanding:		
Basic	3,581,522	3,583,942
Diluted	3,802,179	3,832,264

See accompanying notes to consolidated condensed financial statements (unaudited).

P&F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED CONDENSED STATEMENT OF SHAREHOLDERS EQUITY (unaudited)

	Total	Class A Common Stock, \$1 Par		Additional paid-in capital	Retained earnings	Treasury stock	
		Shares	Amount			Shares	Amount
Balance, January 1, 2007	\$ 51,521,172	3,850,367	\$ 3,850,367	\$ 9,191,598	\$ 40,850,384	(272,607)	\$ (2,371,177)
Net earnings	125,789				125,789		
Stock-based compensation	5,780			5,780			
Issuance of Class A common stock upon exercise of stock options	49,350	9,400	9,400	39,950			
Balance, March 31, 2007	\$ 51,702,091						