

LAKELAND INDUSTRIES INC
Form 10-Q
September 09, 2008

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 July 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 Number: 0-15535

LAKELAND INDUSTRIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State of incorporation)

13-3115216
(IRS Employer Identification Number)

701 Koehler Avenue, Suite 7,
Ronkonkoma, New York
(Address of principal executive
offices)

11779
(Zip Code)

(631) 981-9700
(Registrant's telephone number, including area code)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

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Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act.

Yes No

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

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 12-b-2 of the Exchange Act).

Yes No

As of July 31, 2008, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$54,940,120 based on the closing price of the common stock as reported on the National Association of Securities Dealers Automated Quotation System National Market System.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at September 5, 2008
Common Stock, \$0.01 par value per share	5,420,701

LAKELAND INDUSTRIES, INC.
AND SUBSIDIARIES

FORM 10-Q

The following information of the Registrant and its subsidiaries is submitted herewith:

PART I - FINANCIAL INFORMATION:

<u>Item 1.</u>	<u>Financial Statements (unaudited):</u>	Page
	<u>Introduction</u>	3
	<u>Condensed Consolidated Balance Sheets July 31, 2008 and January 31, 2008</u>	4
	<u>Condensed Consolidated Statements of Income for the Three and Six Months Ended July 31, 2008 and 2007</u>	5
	<u>Condensed Consolidated Statement of Stockholders' Equity –Six Months Ended July 31, 2008</u>	6
	<u>Condensed Consolidated Statements of Cash Flows –Six Months Ended July 31, 2008 and 2007</u>	7
	<u>Notes to Condensed Consolidated Financial Statements</u>	8
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	15
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	20
<u>Item 4.</u>	<u>Controls and Procedures</u>	20
<u>PART II - OTHER INFORMATION:</u>		
<u>Item 6.</u>	<u>Exhibits and Reports on Form 8-K</u>	23
<u>Signature Page</u>		24

LAKELAND INDUSTRIES, INC.
AND SUBSIDIARIES

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements:

Introduction

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This 10-Q may contain certain forward-looking statements. When used in this 10-Q or in any other presentation, statements which are not historical in nature, including the words “anticipate,” “estimate,” “should,” “expect,” “believe,” “inter” “project” and similar expressions are intended to identify forward-looking statements. They also include statements containing a projection of sales, earnings or losses, capital expenditures, dividends, capital structure or other financial terms.

The forward-looking statements in this 10-Q are based upon our management’s beliefs, assumptions and expectations of our future operations and economic performance, taking into account the information currently available to us. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties, some of which are not currently known to us that may cause our actual results, performance or financial condition to be materially different from the expectations of future results, performance or financial condition we express or imply in any forward-looking statements. Some of the important factors that could cause our actual results, performance or financial condition to differ materially from expectations are:

- Our ability to obtain fabrics and components from suppliers and manufacturers at competitive prices or prices that vary from quarter to quarter;
 - Risks associated with our international manufacturing and start up sales operations;
 - Potential fluctuations in foreign currency exchange rates;
 - Our ability to respond to rapid technological change;
 - Our ability to identify and complete acquisitions or future expansion;
 - Our ability to manage our growth;
 - Our ability to recruit and retain skilled employees, including our senior management;
 - Our ability to accurately estimate customer demand;
 - Competition from other companies, including some with greater resources;
 - Risks associated with sales to foreign buyers;
 - Restrictions on our financial and operating flexibility as a result of covenants in our credit facilities;
 - Our ability to obtain additional funding to expand or operate our business as planned;
 - The impact of a decline in federal funding for preparations for terrorist incidents;
 - The impact of potential product liability claims;
 - Liabilities under environmental laws and regulations;
 - Fluctuations in the price of our common stock;
 - Variations in our quarterly results of operations;
- The cost of compliance with the Sarbanes-Oxley Act of 2002 and rules and regulations relating to corporate governance and public disclosure;
- The significant influence of our directors and executive officer on our company and on matters subject to a vote of our stockholders;
 - The limited liquidity of our common stock;

The other factors referenced in this 10-Q, including, without limitation, in the sections entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Business.”

We believe these forward-looking statements are reasonable; however, you should not place undue reliance on any forward-looking statements, which are based on current expectations. Furthermore, forward-looking statements speak only as of the date they are made. We undertake no obligation to publicly update or revise any forward-looking statements after the date of this 10-Q, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Form 10-Q might not occur. We qualify any and all of our forward-looking statements entirely by these cautionary factors.

LAKELAND INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS	July 31, 2008 (Unaudited)	January 31, 2008
Current assets:		
Cash	\$ 4,265,352	\$ 3,427,672
Accounts receivable, net of allowance for doubtful accounts of \$71,000 at July 31, 2008 and \$45,000 at January 31, 2008	17,280,328	14,927,666
Inventories, net of reserves of \$607,000 at July 31, 2008 and at January 31, 2008	48,396,286	48,116,173
Deferred income taxes	1,997,712	1,969,713
Other current assets	2,642,699	1,828,210
Total current assets	74,582,377	70,269,434
Property and equipment, net of accumulated depreciation of \$8,414,000 at July 31, 2008 and \$7,055,000 at January 31, 2008	14,446,482	13,324,648
Goodwill	10,969,284	871,297
Other assets	1,129,677	157,474
	\$ 101,127,820	\$ 84,622,853
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,602,117	\$ 3,312,696
Accrued expenses and other current liabilities	2,889,900	1,684,161
Total current liabilities	7,492,017	4,996,857
Construction loan	1,801,924	1,882,085
Borrowings under revolving credit facility	20,311,466	8,871,000
Other non current liabilities	299,902	-----
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par; authorized 1,500,000 shares (none issued)		
Common stock \$.01 par; authorized 10,000,000 shares; issued and outstanding 5,523,288 shares at July 31, 2008 and January 31, 2008	55,233	55,233
Less treasury stock, at cost, 102,587 shares at July 31, 2008 and 0 shares at January 31, 2008	(1,201,005)	-----
Additional paid-in capital	49,370,317	49,211,961
Other comprehensive income (loss)	838,520	(36,073)
Retained earnings (1)	22,159,446	19,641,790
Stockholders' equity	71,222,511	