GRIFFON CORP
Form 10-Q
May 11, 2009
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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 March 31, 2009

o	**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: 1-06620

GRIFFON CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE (State or other jurisdiction of incorporation or organization)	**11-1893410** (I.R.S. Employer Identification No.)
100 JERICHO QUADRANGLE, JERICHO, NEW YORK (Address of principal executive offices)	**11753** (Zip Code)

(516) 938-5544

(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. x Yes o No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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). o Yes o 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 o	Accelerated filer x
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

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

APPLICABLE ONLY TO CORPORATE ISSUERS

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. 59,514,466 shares of Common Stock as of April 30, 2009.

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Griffon Corporation and Subsidiaries

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Part I Financial Information

Item 1 Financial Statements

GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

(Unaudited)

		March 31, 2009		September 30, 2008
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	$	274,315	$	311,921
Accounts receivable, less allowance for doubtful accounts of $4,790 at March 31, 2009 and $5,609 at September 30, 2008		154,113		163,586
Contract costs and recognized income not yet billed		59,777		69,001
Inventories		155,908		167,158
Prepaid expenses and other current assets		54,190		52,430
Assets of discontinued operations		4,417		9,495
Total current assets		702,720		773,591
PROPERTY, PLANT AND EQUIPMENT, at cost, net of depreciation and amortization		222,515		239,003
COSTS IN EXCESS OF FAIR VALUE OF NET ASSETS OF BUSINESSES ACQUIRED		86,450		93,782
INTANGIBLE ASSETS, net		31,664		34,777
OTHER ASSETS		24,147		22,067
ASSETS OF DISCONTINUED OPERATIONS		9,025		8,346
	$	1,076,521	$	1,171,566
LIABILITIES AND SHAREHOLDERS EQUITY				
CURRENT LIABILITIES:				
Notes payable and current portion of long-term debt	$	3,508	$	2,258
Accounts payable		101,295		129,823
Accrued liabilities		60,776		64,450
Liabilities of discontinued operations		7,586		14,917
Total current liabilities		173,165		211,448
LONG-TERM DEBT		192,918		230,930
OTHER LIABILITIES		60,872		59,460
LIABILITIES OF DISCONTINUED OPERATIONS		9,462		10,048
Total Liabilities		436,417		511,886
COMMITMENTS AND CONTINGENCIES				
SHAREHOLDERS EQUITY:				
Preferred stock, par value $.25 per share, authorized 3,000,000 shares, no shares issued				
Common stock, par value $.25 per share, authorized 85,000,000 shares, issued 71,721,183 shares at March 31, 2009 and 71,095,399 shares at September 30, 2008		17,930		17,774
Capital in excess of par value		417,072		415,505
Retained earnings		419,411		415,991
Treasury shares, at cost, 12,440,015 common shares at March 31, 2009 and September 30, 2008		(213,310)		(213,310)
Accumulated other comprehensive income		4,733		25,469
Deferred ESOP compensation		(5,732)		(1,749)
Total shareholders equity		640,104		659,680
	$	1,076,521	$	1,171,566

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

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GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(Unaudited)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008	Six Months Ended March 31, 2009	Six Months Ended March 31, 2008
Net sales	$ 276,087	$ 298,571	$ 578,421	$ 593,373
Cost of sales	222,112	241,121	465,489	471,165
Gross profit	53,975	57,450	112,932	122,208
Selling, general and administrative expenses	55,545	60,114	112,073	119,101
Restructuring and other related charges		701		2,392
Total operating expenses	55,545	60,815	112,073	121,493
Income (loss) from operations	(1,570)	(3,365)	859	715
Other income (expense):				
Interest expense	(2,919)	(3,498)	(5,633)	(6,634)
Interest income	231	599	667	1,480
Gain from debt extinguishment, net			6,714	
Other, net	(200)	782	(557)	1,579
Total other income (expense)	(2,888)	(2,117)	1,191	(3,575)
Income (loss) from continuing operations before income taxes	(4,458)	(5,482)	2,050	(2,860)
Benefit for income taxes	(2,955)	(1,336)	(718)	(253)
Income (loss) from continuing operations before discontinued operations	(1,503)	(4,146)	2,768	(2,607)
Discontinued operations:				
Income (loss) from operations of the discontinued Installation Services business	1,046	(19,208)	1,051	(24,223)
Provision (benefit) for income taxes	397	(1,985)	399	(4,106)
Income (loss) from discontinued operations	649	(17,223)	652	(20,117)
Net income (loss)	$ (854)	$ (21,369)	$ 3,420	$ (22,724)
Basic earnings (loss) per common share:				
Continuing operations	$ (.03)	$ (.13)	$ .05	$ (.08)
Discontinued operations	.01	(.53)	.01	(.62)
	$ (.02)	$ (.66)	$ .06	$ (.70)
Diluted earnings (loss) per common share:				
Continuing operations	$ (.03)	$ (.13)	$ .05	$ (.08)
Discontinued operations	.01	(.53)	.01	(.62)
	$ (.02)	$ (.66)	$ .06	$ (.70)
Weighted-average shares outstanding - basic	58,467	32,485	58,660	32,482
Weighted-average shares outstanding - diluted	58,467	32,485	58,745	32,482

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

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GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(Unaudited)

	Six Months Ended March 31, 2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES CONTINUING OPERATIONS:		
Net income (loss)	$ 3,420	$ (22,724)
Loss (income) from discontinued operations	(652)	20,117
Adjustments to reconcile net income (loss) to net cash provided by operating activities of continuing operations:		
Depreciation and amortization	20,910	21,149
Stock-based compensation	1,841	1,194
Recovery of losses on accounts receivable	379	246
Amortization of deferred financing costs	1,071	495
Gain from debt extinguishment, net	(6,714)	
Deferred income taxes	(1,975)	707
Change in assets and liabilities:		
Decrease in accounts receivable and contract costs and recognized income not yet billed	14,680	18,312
Decrease (increase) in inventories	9,582	(8,492)
Decrease (increase) in prepaid expenses and other assets	1,277	(8,692)
Increase (decrease) in accounts payable, accrued liabilities and income taxes payable	(36,914)	11,438
Other changes, net	(1,618)	(4,159)
	1,867	52,315
Net cash provided by operating activities continuing operations	5,287	29,591
CASH FLOWS FROM INVESTING ACTIVITIES CONTINUING OPERATIONS:		
Acquisition of property, plant and equipment	(12,088)	(11,796)
Acquired businesses		(1,750)
Proceeds from sale of investment		1,000
Decrease (increase) in equipment lease deposits	(345)	4,024
Net cash used in investing activities continuing operations	(12,433)	(8,522)
CASH FLOWS FROM FINANCING ACTIVITIES CONTINUING OPERATIONS:		
Proceeds from issuance of shares from rights offering	5,274	
Purchase of shares for treasury		(579)
Proceeds from issuance of long-term debt	10,431	50,000
Payments of long-term debt	(41,240)	(76,716)
Increase in short-term borrowings	904	377
Financing costs	(227)	(1,044)
Purchase of ESOP shares	(4,370)	
Other, net	629	480
Net cash used in financing activities continuing operations	(28,599)	(27,482)
CASH FLOWS FROM DISCONTINUED OPERATIONS:		
Net cash provided by (used in) operating activities	(759)	340
Net cash used in investing activities		(254)
Net cash provided by (used in) discontinued operations	(759)	86
Effect of exchange rate changes on cash and cash equivalents	(1,102)	981
NET DECREASE IN CASH AND CASH EQUIVALENTS	(37,606)	(5,346)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	311,921	44,747
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 274,315	$ 39,401

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

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GRIFFON CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

FOR THE SIX MONTHS ENDED MARCH 31, 2009

(in thousands, except share data)

(Unaudited)

	COMMON STOCK		CAPITAL IN EXCESS OF	RETAINED	TREASURY SHARES		ACCUMULATED OTHER COMPREHENSIVE	DEFERRED ESOP		COMPREHENSIVE INCOME
	SHARES	PAR VALUE	PAR VALUE	EARNINGS	SHARES	COST	INCOME	COMPENSATION	Total	(LOSS)
Balances, October 1, 2008	71,095,399	$ 17,774	$ 415,505	$ 415,991	12,440,015	$ (213,310)	$ 25,469	$ (1,749)	$ 659,680	
Foreign currency translation adjustment							(20,736)		(20,736)	$ (20,736)
Net income				3,420					3,420	3,420
Comprehensive income										$ (17,316)
Amortization of deferred compensation								354	354	
Restricted stock vesting	5,298	1	(1)							
ESOP purchase of common stock								(4,370)	(4,370)	
Stock-based compensation			1,808					33	1,841	
Issuance of common stock pursuant to rights offering, net of financing costs	620,486	155	(192)						(37)	
Other			(48)						(48)	
Balances, March 31, 2009	71,721,183	$ 17,930	$ 417,072	$ 419,411	12,440,015	$ (213,310)	$ 4,733	$ (5,732)	$ 640,104	

The accompanying notes to condensed consolidated financial statements are an integral part of this statement.

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GRIFFON CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in thousands, except share and per share data)

(Unaudited)

NOTE 1 BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements of Griffon Corporation and Subsidiaries (the Company) have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair statement have been included. Operating results for the three-month and six-month periods ended March 31, 2009 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 2009. The unaudited condensed consolidated balance sheet information as of September 30, 2008 was derived from the audited financial statements included in the Company s Annual Report on Form 10-K for the year ended September 30, 2008. The interim condensed consolidated financial statements contained herein should be read in conjunction with that Report.

In preparing its unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America, the Company is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, the Company evaluates estimates, including those related to bad debts, inventory reserves, goodwill and intangible assets. The Company bases its estimates on historical data and experience, when available, and on various other assumptions that are believed to be reasonable under the circumstances, the combined results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

Certain amounts in the condensed consolidated financial statements at March 31, 2008 have been reclassified to conform to the current period s presentation.

NOTE 2 FAIR VALUE MEASUREMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, Fair Value Measurements (SFAS 157), which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The statement clarifies that the exchange price is the price in an orderly transaction between market participants to sell an asset or transfer a liability at the measurement date. The statement emphasizes that fair value is a market-based measurement and not an entity-specific measurement. It also establishes a fair value hierarchy used in fair value measurements and expands the required disclosures of assets and liabilities measured at fair value. For financial assets and liabilities, this statement is effective for fiscal periods beginning after November 15, 2007 and does not require any new fair value measurements. In February 2008, the FASB Staff Position No. 157-2 (FSP 157-2) was issued which delayed the effective date of SFAS 157 to fiscal years beginning after November 15, 2008 for non-financial assets and liabilities, except for items that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The Company adopted the provisions of SFAS 157, as amended by FSP 157-2, on October 1, 2008. Pursuant to the provisions of FSP 157-2, the Company will not apply the provisions of SFAS 157 until October 1, 2009 for non-financial assets and liabilities (principally goodwill and intangible assets).

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159), to provide companies the option to report selected financial assets and liabilities at fair value. Upon adoption of the provisions of SFAS 159 on October 1, 2008, the Company did not elect the fair value

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option to report its financial assets and liabilities at fair value. Accordingly, the adoption of SFAS 159 did not have an impact on the Company s financial position or results of operations.

Fair Value Hierarchy

SFAS 157 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs), or reflect the Company s own assumptions of market participant valuation (unobservable inputs). In accordance with SFAS 157, these two types of inputs have created the following fair value hierarchy:

- Level 1 Quoted prices in active markets that are unadjusted and accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Quoted prices for identical assets and liabilities in markets that are not active, quoted prices for similar assets and liabilities in active markets or financial instruments for which significant inputs are observable, either directly or indirectly.
- Level 3 Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

SFAS 157 requires the use of observable market data if such data is available without undue cost and effort.

Measurement of Fair Value

The Company measures fair value as an exit price using the procedures described below for all assets and liabilities measured at fair value. When available, the Company uses unadjusted quoted market prices to measure fair value and classifies such items within Level 1. If quoted market prices are not available, fair value is based upon internally developed models that use, where possible, current market-based or independently-sourced market parameters such as interest rates and currency rates. Items valued using internally generated models are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be inputs that are readily observable. If quoted market prices are not available, the valuation model used generally depends on the specific asset or liability being valued. The determination of fair value considers various factors including interest rate yield curves and time value underlying the financial instruments.

Items Measured at Fair Value on a Recurring Basis

The following table presents the Company s assets and liabilities that are measured and recorded at fair value on a recurring basis at March 31, 2009 consistent with the fair value hierarchy provisions of SFAS 157:

		Fair Value Measurements at Reporting Date Using		
	Carrying Value	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents:				
Cash and US Government money market funds	$ 274,315	$ 274,315	$	$
Other assets:				
Deferred non-qualified retirement plan assets	3,009	3,009		
Total assets measured at fair value	$ 277,324	$ 277,324	$	$

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NOTE 3 INVENTORIES

Inventories, stated at the lower of cost (first-in, first-out or average) or market, are comprised of the following:

	March 31, 2009	September 30, 2008
Finished goods	$ 38,348	$ 50,859
Work in process	81,708	70,716
Raw materials and supplies	35,852	45,583
	$ 155,908	$ 167,158

NOTE 4 LONG-TERM DEBT

In June 2008, Clopay Building Products Company, Inc. (BPC) and Clopay Plastic Products Company, Inc. (PPC), each a wholly-owned subsidiary of the Company, entered into a credit agreement for their domestic operations with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which the lenders agreed to provide a five-year, senior secured revolving credit facility of $100,000 (the Clopay Credit Agreement). At March 31, 2009 and September 30, 2008, $34,925 and $33,900, respectively, were outstanding under the Clopay Credit Agreement and approximately $24,529 was available for borrowing at March 31, 2009. BPC and PPC were in compliance with all of their financial covenants under the Clopay Credit Agreement at March 31, 2009.

In March 2008, Telephonics Corporation (Telephonics), a wholly-owned subsidiary of the Company, entered into a credit agreement with JPMorgan Chase Bank, N.A., as administrative agent, and the lenders party thereto, pursuant to which the lenders agreed to provide a five-year, revolving credit facility of $100,000 (the Telephonics Credit Agreement). At March 31, 2009 and September 30, 2008, $38,000 and $44,500, respectively, were outstanding under the Telephonics Credit Agreement and approximately $56,084 was available for borrowing at March 31, 2009. Telephonics was in compliance with all of its financial covenants under the Telephonics Credit Agreement at March 31, 2009.

The Company had outstanding $130,000 of 4% convertible subordinated notes due 2023 (the Notes) at September 30, 2008. Holders may convert the Notes at a conversion price of $22.41 per share, as adjusted pursuant to the recent rights offering of the Company and subject to possible further adjustment, as defined, which is equal to a conversion rate of approximately 44.6229 shares per $1 principal amount of Notes.

In October 2008, the Company purchased $35,500 face value of the Notes from certain Noteholders for $28,400. The Company recorded a pre-tax gain from debt extinguishment of approximately $7,100, offset by a $386 proportionate reduction in the related deferred financing costs for a net gain of $6,714 in the first quarter of fiscal 2009. The amount of Notes outstanding at March 31, 2009 was $94,500.

In April 2009, the Company purchased $15,120 face value of the Notes from certain Noteholders for $14,341. The Company expects to record a pre-tax gain from debt extinguishment of approximately $779, offset by a $101 proportionate reduction in the related deferred financing costs for a net gain of $678 in the third quarter of fiscal 2009.

The Company s Employee Stock Ownership Plan (ESOP) has a loan agreement guaranteed by the Company, the proceeds of which were used to purchase equity securities of the Company. The loan bears interest at rates based upon the prime rate or LIBOR. In addition, the ESOP had a $5,000 line of credit that expired on October 31, 2008. In September 2008, $630 was drawn under the ESOP line of credit to purchase equity securities associated with the rights offering and was outstanding at September 30, 2008. In October 2008, the remaining balance of the available ESOP line of credit of $4,370 was drawn for the purpose of purchasing an aggregate of 547,605 shares of the Company s Common Stock. In accordance with the terms of the ESOP line of credit agreement, the $5,000 outstanding at October 31, 2008 was refinanced along with the balance of the then outstanding ESOP loan amount of $1,250. The new ESOP loan provides for quarterly payments of principal and interest through September 2012, at which time the balance of the loan of approximately $3,900 will be payable.

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NOTE 5 SHAREHOLDERS EQUITY

In August 2008, the Company s Board of Directors authorized a 20,000,000 share Common Stock rights offering to its shareholders in order to raise equity capital for general corporate purposes and to fund future growth. The rights had an exercise price of $8.50 per share. In conjunction with the rights offering, GS Direct, L.L.C., an affiliate of Goldman, Sachs & Co. (GS Direct), agreed to back stop the rights offering by purchasing, on the same terms, any and all shares not subscribed through the exercise of rights. GS Direct also agreed to purchase additional shares of common stock at the rights offering price if it did not acquire a minimum of 10,000,000 shares of Common Stock as a result of its back stop commitment. In September 2008, the Company received $241,344 of gross proceeds from the first closing of its rights offering and the closing of the related investments by GS Direct and by the Company s Chief Executive Officer, and issued 28,393,323 shares of its Common Stock. An additional $5,274 of rights offering proceeds, which were reflected as a component of prepaid expenses and other current assets in the condensed consolidated balance sheet at September 30, 2008, were received in October 2008 and the Company issued 620,486 shares of Common Stock in connection with the second closing of the rights offering. An additional $1,983 of rights offering proceeds were received in April 2009 and the Company issued 233,298 shares of Common Stock.

In accordance with the terms of an employment agreement, in October 2008, the Company s Chief Executive Officer received a restricted stock grant of 75,000 shares of Common Stock, such grant vesting in April 2011. Aggregate compensation expense related to the restricted stock grant of $675 will be amortized over the vesting period. In addition, the Company s Chief Executive Officer received a ten-year option to purchase 350,000 shares of Common Stock at an exercise price of $20 per share, vesting in three equal annual installments beginning April 2009. Aggregate compensation expense related to the option of $721 will be amortized over the respective vesting periods.

In March 2009, the Company s Chief Executive Officer received a restricted stock grant of 675,000 shares of Common Stock, such grant vesting in March 2013. Aggregate compensation expense related to the restricted stock grant of $5,063 will be amortized over the vesting period.

NOTE 6 EARNINGS PER SHARE (EPS)

Basic EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding during the period. Diluted EPS is calculated by dividing income available to common shareholders by the weighted average number of shares of Common Stock outstanding plus additional common shares that could be issued in connection with potentially dilutive securities. Management determined that the rights offering contained a bonus element to existing shareholders that required the Company to adjust the shares used in the computation of basic and fully-diluted weighted-average shares outstanding for the three and six months ended March 31, 2008. Basic and diluted EPS from continuing operations for the three and six-month periods ended March 31, 2009 and 2008 were determined using the following information:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2009	**2008**	**2009**	**2008**
Income (loss) from continuing operations available to common stockholders	$ (1,503)	$ (4,146)	$ 2,768	$ (2,607)
Weighted-average shares outstanding basic	58,467,489	32,484,697	58,660,082	32,481,549
Incremental shares from stock-based compensation			84,669	

Weighted-average shares outstanding diluted	58,467,489	32,484,697	58,744,751	32,481,549

At March 31, 2009 and 2008 and during the three-month and six-month periods ended March 31, 2009 and 2008, there were outstanding stock options whose exercise prices were lower than the average market values of the underlying common stock for the period. Such options are typically considered to be dilutive. However, for the three-month periods ended March 31, 2009 and 2008 and for the six-month period ended March 31, 2008, such options were

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considered antidilutive because of the loss from continuing operations in the respective periods. At March 31, 2009 and 2008 and during the three-month and six-month periods ended March 31, 2009 and 2008, there were outstanding stock options whose exercise prices were higher than the average market values of the underlying common stock for the period. These options are antidilutive. All antidilutive options are excluded from the computation of EPS. The weighted average antidilutive options outstanding for the three-month periods ended March 31, 2009 and 2008 were 1,326,466 and 1,775,340, respectively, and for the six-month periods ended March 31, 2009 and 2008 were 1,326,466 and 1,060,340, respectively.

NOTE 7 BUSINESS SEGMENTS

The Company s reportable business segments are as follows Electronic Information and Communication Systems (communication and information systems for government and commercial markets); Garage Doors (manufacture and sale of residential and commercial/industrial garage doors, and related products); and Specialty Plastic Films (manufacture and sale of plastic films and film laminates for baby diapers, adult incontinence care products, disposable surgical and patient care products and plastic packaging). The Company s reportable segments are distinguished from each other by types of products and services offered, classes of customers, production and distribution methods, and separate management. The Company s Installation Services segment (sale and installation of building products primarily for new construction, such as garage doors, garage door openers, manufactured fireplaces and surrounds, appliances, flooring and cabinets) has been reflected as discontinued operations in the condensed consolidated financial statements for all periods presented and, accordingly, is excluded from segment disclosures (see Note 10).

Information on the Company s business segments is as follows:

	Electronic Information and Communication Systems	**Garage Doors**	**Specialty Plastic Films**	**Totals**
Revenues from external customers -				
Three months ended				
March 31, 2009	$ 96,567	$ 79,251	$ 100,269	$ 276,087
March 31, 2008	98,397	85,499	114,675	298,571
Six months ended				
March 31, 2009	$ 177,394	$ 188,069	$ 212,958	$ 578,421
March 31, 2008	174,257	198,043	221,073	593,373
Sales to discontinued segments -				
Three months ended				
March 31, 2009	$	$	$	$
March 31, 2008		2,569		2,569
Six months ended				
March 31, 2009	$	$		