

INTERFACE INC  
Form 10-Q  
November 13, 2006

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 Quarterly Period Ended October 1, 2006

Commission File Number 0-12016

INTERFACE, INC.

(Exact name of registrant as specified in its charter)

GEORGIA  
(State or other jurisdiction of  
Incorporation or organization)

58-1451243  
(I.R.S. Employer  
Identification No.)

2859 PACES FERRY ROAD, SUITE 2000, ATLANTA, GEORGIA 30339

(Address of principal executive offices and zip code)

(770) 437-6800

(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. (Check one):

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

Shares outstanding of each of the registrant's classes of common stock at November 6, 2006:

Class	Number of Shares
Class A Common Stock, \$.10 par value per share	48,092,710

Class B Common Stock, \$.10 par value per share

6,739,262

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## INTERFACE, INC.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

INTERFACE, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED BALANCE SHEETS  
(IN THOUSANDS)

	<b>OCTOBER 1, 2006</b> (UNAUDITED)	<b>JANUARY 1, 2006</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and Cash Equivalents	\$ 28,897	\$ 51,312
Accounts Receivable, net	159,184	141,408
Inventories	149,775	130,209
Prepaid and Other Expenses	20,499	16,624
Deferred Income Taxes	4,474	4,540
Assets of Businesses Held for Sale	3,049	5,526
<b>TOTAL CURRENT ASSETS</b>	<b>365,878</b>	<b>349,619</b>
<b>PROPERTY AND EQUIPMENT, less</b>		
accumulated depreciation	183,060	185,643
<b>DEFERRED TAX ASSET</b>	<b>72,154</b>	<b>69,043</b>
<b>GOODWILL</b>	<b>177,502</b>	<b>193,705</b>
<b>OTHER ASSETS</b>	<b>42,869</b>	<b>40,980</b>
	<b>\$ 841,463</b>	<b>\$ 838,990</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts Payable	\$ 55,119	\$ 50,312
Accrued Expenses	83,267	85,581
Liabilities of Businesses Held for Sale	1,679	4,214
<b>TOTAL CURRENT LIABILITIES</b>	<b>140,065</b>	<b>140,107</b>
<b>LONG-TERM DEBT, less current maturities</b>		
<b>SENIOR NOTES</b>	<b>21,541</b>	<b>--</b>
<b>SENIOR SUBORDINATED NOTES</b>	<b>284,510</b>	<b>323,000</b>
<b>DEFERRED INCOME TAXES</b>	<b>135,000</b>	<b>135,000</b>
<b>OTHER</b>	<b>21,049</b>	<b>23,534</b>
	<b>40,406</b>	<b>40,864</b>
<b>TOTAL LIABILITIES</b>	<b>642,571</b>	<b>662,505</b>
Minority Interest	5,098	4,409
Commitments and Contingencies		
<b>SHAREHOLDERS' EQUITY:</b>		

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Preferred Stock	--	--
Common Stock	5,478	5,334
Additional Paid-In Capital	242,406	234,314
Retained Deficit	(3,536)	(1,443)
Foreign Currency Translation Adjustment	(22,772)	(38,347)
Minimum Pension Liability	(27,782)	(27,782)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>193,794</b>	<b>172,076</b>
	\$ 841,463	\$ 838,990

See accompanying notes to consolidated condensed financial statements.

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INTERFACE, INC. AND SUBSIDIARIES  
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS  
(UNAUDITED)

(IN THOUSANDS EXCEPT PER SHARE AMOUNTS)

**THREE  
MONTHS  
ENDED**

**NINE  
MONTHS  
ENDED**

**OCTOBER  
1,  
2006**