

CHAMPION INDUSTRIES INC  
Form 10-Q  
June 14, 2016  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 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 April 30, 2016

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 No. 000-21084

Champion Industries, Inc.  
(Exact name of Registrant as specified in its charter)

West Virginia  
(State or other jurisdiction of  
incorporation or organization)

55-0717455  
(I.R.S. Employer  
Identification No.)

2450-90 1st Avenue  
P.O. Box 2968  
Huntington, WV 25728  
(Address of principal executive offices)  
(Zip Code)

(304) 528-2700  
(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 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 (§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). 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 definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer

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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 Exchange Act). Yes \_\_\_\_\_ No  .

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 April 30, 2016 |
|--|-------------------------------|
| Common stock, \$1.00 par value per share | 11,299,528 shares             |

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Champion Industries, Inc.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## Champion Industries, Inc. and Subsidiaries

## Consolidated Balance Sheets

|  | April 30,<br>2016<br>(Unaudited) | October 31,<br>2015 |
|--|----------------------------------|---------------------|
| <b>ASSETS</b>  |                                  |                     |
| Current assets:  |                                  |                     |
| Cash and cash equivalents  | \$ 707,756                       | \$ 540,909          |
| Accounts receivable, net of allowance of \$466,000 and \$531,000 | 8,998,550                        | 8,651,745           |
| Inventories  | 3,978,172                        | 3,568,665           |
| Other current assets   | 1,087,751                        | 890,165             |
| Assets held for sale   | 256,832                          | 256,832             |
| Total current assets   | 15,029,061                       | 13,908,316          |
| Property and equipment, at cost:                                 |                                  |                     |
| Land   | 1,254,195                        | 1,254,195           |
| Buildings and improvements                                       | 4,683,225                        | 4,676,290           |
| Machinery and equipment  | 34,117,953                       | 34,130,233          |
| Equipment under capital lease                                    | 72,528                           | 72,528              |
| Furniture and fixtures   | 3,743,347                        | 3,734,959           |
| Vehicles   | 2,777,554                        | 2,756,086           |
|  | 46,648,802                       | 46,624,291          |
| Less accumulated depreciation                                    | (40,319,395)                     | (39,911,447)        |
|  | 6,329,407                        | 6,712,844           |
| Goodwill   | 1,230,485                        | 1,230,485           |
| Deferred financing costs   | 14,465                           | 3,040               |
| Other intangibles, net of accumulated amortization               | 996,796                          | 1,057,845           |
| Other assets   | 12,669                           | 13,996              |
|  | 2,254,415                        | 2,305,366           |
| Total assets   | \$ 23,612,883                    | \$ 22,926,526       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>                      |                                  |                     |
| Current liabilities:   |                                  |                     |
| Accounts payable   | \$ 5,075,679                     | \$ 4,730,286        |
| Accrued payroll and commissions                                  | 557,373                          | 528,855             |
| Taxes accrued and withheld                                       | 709,485                          | 635,131             |
| Accrued expenses   | 1,687,741                        | 1,763,929           |
| Notes payable (Note 5)   | 10,794,319                       | 1,929,358           |
| Notes payable - related party (Note 5)                           | 2,500,000                        | 2,500,000           |
| Capital lease obligations (Note 5)                               | 16,334                           | 15,852              |
| Total current liabilities  | 21,340,931                       | 12,103,411          |
| Long-term debt, net of current portion:                          |                                  |                     |
| Notes payable (Note 5)   | 579,010                          | 8,796,542           |
| Capital lease obligations (Note 5)                               | 4,239                            | 12,528              |
| Other Liabilities  | 26,280                           | -                   |

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|  |               |               |
|--|---------------|---------------|
| Total liabilities  | 21,950,460    | 20,912,481    |
| Shareholders' equity:  |               |               |
| Common stock, \$1 par value, 20,000,000 Class A voting shares authorized; 11,299,528 shares issued and outstanding | 11,299,528    | 11,299,528    |
| Additional paid-in capital   | 24,279,179    | 24,279,179    |
| Retained deficit   | (33,916,284)  | (33,564,662)  |
| Total shareholders' equity   | 1,662,423     | 2,014,045     |
| Total liabilities and shareholders' equity   | \$ 23,612,883 | \$ 22,926,526 |

See notes to consolidated financial statements.

Champion Industries, Inc. and Subsidiaries  
Consolidated Statements of Operations

|                                      | Three Months Ended<br>April 30, |              | Six Months Ended<br>April 30, |               |
|--------------------------------------|---------------------------------|--------------|-------------------------------|---------------|
|                                      | 2016                            | 2015         | 2016                          | 2015          |
| <b>Revenues:</b>                     |                                 |              |                               |               |
| Printing                             | \$ 9,336,086                    | \$ 9,119,073 | \$ 18,381,817                 | \$ 18,507,595 |
| Office products and office furniture | 6,538,684                       | 7,170,035    | 13,416,325                    | 12,581,773    |
| Total revenues                       | 15,874,770                      | 16,289,108   | 31,798,142                    | 31,089,368    |
| <b>Cost of sales:</b>                |                                 |              |                               |               |
| Printing                             | 7,109,839                       | 6,710,558    | 14,220,514                    | 13,807,063    |
| Office products and office furniture | 4,783,881                       | 5,400,916    | 9,965,406                     | 9,355,688     |