

KID BRANDS, INC
Form 8-K
April 17, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): April 17, 2013

KID BRANDS, INC.

(Exact Name of Registrant as Specified in Charter)

New Jersey
(State or Other Jurisdiction

of Incorporation)

1-8681
(Commission

File Number)

22-1815337
(IRS Employer

Identification No.)

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One Meadowlands Plaza, 8th Floor, East Rutherford, New Jersey 07073

(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: (201) 405-2400

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- .. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 2 Financial Information**Item 2.02 Results of Operations and Financial Condition**

On April 17, 2013, Kid Brands, Inc. (the Company) issued a press release (the Release) announcing, among other things, financial results for the quarter and year ended December 31, 2012.

In the Release, certain financial measures for each of the quarter ended December 31, 2012 (Q4 2012), the quarter ended December 31, 2011 (Q4 2011), the year ended December 31, 2012 (FY 2012), and the year ended December 31, 2011 (FY 2011) are presented both in accordance with United States generally accepted accounting principles (GAAP) and also on a non-GAAP basis. In particular, Adjusted net income/(loss) and Adjusted net income/(loss) per diluted share for each of the foregoing periods are non-GAAP financial measures.

Adjusted net income/(loss) is defined as reported net (loss), plus/minus certain items (including reversal of the relevant income tax provision or benefit), and the application of an assumed tax rate of 39% on the resulting adjusted pre-tax income/(loss).

Non-GAAP adjusted net loss and adjusted net loss per diluted share for Q4 2012 reflect adjustments to net loss, as reported, to exclude the effect of the following items and to apply an assumed tax rate of 39% to the resulting adjusted pre-tax loss: (i) the income tax provision of \$1.0 million; (ii) a \$1.4 million non-cash write-off of unamortized deferred financing costs in connection with the execution of the Company's new credit agreement (the Salus Agreement) in December 2012 (the Q4 2012 Financing Write-Off); (iii) \$0.3 million of professional fees incurred in connection with various Customs compliance matters and related litigation costs (Customs Compliance Costs); (iv) \$0.1 million of voluntary product recall costs; and (v) \$0.1 million of additional accrued interest on anticipated aggregate Customs duties (Customs Interest).

Non-GAAP adjusted net loss and adjusted net loss per diluted share for Q4 2011 reflect adjustments to net loss, as reported, to exclude the effect of the following items and to apply an assumed tax rate of 39% to the resulting adjusted pre-tax loss: (i) the income tax benefit of \$7.0 million; (ii) a \$19.0 million non-cash impairment to the Kids Line customer relationship intangible asset (the Kids Line Impairment); (iii) a non-cash goodwill impairment in the amount of \$11.7 million (the Goodwill Impairment); (iv) a \$9.9 million non-cash impairment to the LaJobi trade name intangible asset (the LaJobi Impairment); (v) \$1.0 million of Customs Compliance Costs, (vi) a \$0.4 million accrual, representing the difference between \$1.4 million, the amount of the full and final settlement of a contingent liability under a lease transferred to the buyer of our former gift business in 2008 (the TRC Lease Settlement), and amounts previously accrued in connection therewith; and (vii) \$0.1 million of Customs Interest.

Non-GAAP adjusted net income and adjusted net income per diluted share for FY 2012 reflect adjustments to net loss, as reported, to exclude the effect of the following items and to apply an assumed tax rate of 39% to the resulting adjusted pre-tax income: (i) the income tax provision of \$48.8 million; (ii) aggregate non-cash write-offs of unamortized deferred financing costs of \$2.8 million (consisting of the \$1.4 million Q4 2012 Financing Write-Off, a \$0.7 million write-off of unamortized deferred financing costs originally incurred in FY 2011 as a result of a credit refinancing, and a \$0.8 million write-off of unamortized deferred financing costs resulting from the voluntary reduction of the aggregate commitments under the company's prior credit facility); (iii) \$2.1 million of Customs Compliance Costs; (iv) \$0.8 million of severance costs; (v) \$0.7 million of voluntary product recall costs; (vi) a reduction in the aggregate accrual for Customs duties (\$0.4 million) as a result of the completion of the Company's prior disclosures and settlement submissions to U.S. Customs for all business units; and (vii) \$0.2 million of additional Customs Interest.

Non-GAAP adjusted net income and adjusted net income per diluted share for FY 2011 reflect adjustments to net loss, as reported, to exclude the effect of the following items and to apply an assumed tax rate of 39% to the resulting adjusted pre-tax income: (i) the income tax benefit of \$1.5 million; (ii) the Kids Line Impairment (\$19.0 million); (iii) the Goodwill Impairment (\$11.7 million); (iv) the LaJobi Impairment (\$9.9 million); (v) \$5.5 million of Customs Compliance Costs; (vi) a \$2.0 million reduction of the valuation reserve recorded in June 2009 against the note receivable pertaining to the sale of the Company's former gift business as a result of the bankruptcy of the buyer of such gift business; (vii) the TRC Lease Settlement (\$1.4 million); (viii) a \$1.1 million additional accrual for aggregate anticipated Customs duties and Customs Interest; (ix) a \$1.0 million non-cash write-off of deferred financing costs originally incurred in connection with a prior credit facility; (x) \$0.8 million in transition costs related to the resignation of the Company's former CEO; (xi) \$0.7 million in crib remediation costs at LaJobi; and (xii) \$0.1 million in fees for an amendment a previous credit facility.

In addition, adjusted net income per diluted share for FY 2011 and FY 2012 also includes an adjustment to reflect the weighted-average dilutive effect of certain shares underlying in-the-money stock appreciation rights (such shares were excluded from the weighted-average diluted share calculation used to determine net loss per diluted share, as reported for such periods, because the Company was in a net loss position for such periods, and the inclusion of such shares would have been anti-dilutive). In the computation of adjusted net income per diluted share for such periods, however, such shares were included.

These non-GAAP measures are not based on any comprehensive set of accounting rules or principles. We believe that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. However, we believe that the non-GAAP measures presented in the Release are useful to investors as they enable the Company and its investors to evaluate and compare our results from operations and cash resources generated from our business in a more meaningful and consistent manner (by excluding specific items which are not reflective of ongoing operating results) and provide an analysis of operating results using the same measures used by our chief operating decision makers to measure our performance. These non-GAAP financial measures result largely from our management's determination that the facts and circumstances surrounding the excluded charges are not indicative of the ordinary course of the ongoing operation of our business. As a result, the non-GAAP financial measures presented by us in the Release may not be comparable to similarly titled measures reported by other companies, and are included only as supplementary measures of financial performance. This data is furnished to provide additional information and should not be considered in isolation as a substitute for measures of performance prepared in accordance with GAAP.

Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP are included in the tables attached to the Release.

The information in this report (including Exhibit 99.1) is being furnished pursuant to Item 2.02 of Form 8-K and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Section 9 Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

Exhibit 99.1 Press Release of Kid Brands, Inc., dated April 17, 2013, announcing, among other things, financial results for the quarter and year ended December 31, 2012.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 17, 2013

KID BRANDS, INC.

By: /s/ Marc S. Goldfarb
Marc S. Goldfarb
Senior Vice President and

General Counsel

EXHIBIT INDEX

Exhibit

Number	Description
99.1	Press Release of Kid Brands, Inc., dated April 17, 2013, announcing, among other things, financial results for the quarter and year ended December 31, 2012.