HAIN CELESTIAL GROUP INC
Form 10-Q
May 10, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended March 31, 2011

¨ **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. 0-22818

THE HAIN CELESTIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**22-3240619**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
58 South Service Road Melville, New York	**11747**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: (631) 730-2200

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 x 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 (section 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 x 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 accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	x	Accelerated filer	¨
Non-accelerated filer	¨	Smaller reporting company	¨

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

As of May 4, 2011 there were 43,456,601 shares outstanding of the registrant s Common Stock, par value $.01 per share.

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THE HAIN CELESTIAL GROUP, INC.

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

	March 31, 2011 (Unaudited)	June 30, 2010 (Note)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 25,571	$ 17,266
Accounts receivable, less allowance for doubtful accounts of $1,525 and $1,574	141,981	114,215
Inventories	166,959	157,012
Deferred income taxes	11,018	10,738
Prepaid expenses and other current assets	16,408	14,586
Total current assets	361,937	313,817
Property, plant and equipment, net	110,131	106,985
Goodwill	569,181	516,455
Trademarks and other intangible assets, net	220,572	198,129
Investment in and advances to equity-method investees	44,869	46,041
Other assets	18,896	16,660
Total assets	$ 1,325,586	$ 1,198,087
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	$ 89,375	$ 91,435
Accrued expenses and other current liabilities	89,011	37,847
Income taxes payable	12,380	9,530
Current portion of long-term debt	512	38
Total current liabilities	191,278	138,850
Long-term debt, less current portion	236,761	225,004
Deferred income taxes	42,755	38,283
Other noncurrent liabilities	15,546	30,227
Total liabilities	486,340	432,364
Commitments and contingencies		
Stockholders equity:		
Preferred stock - $.01 par value, authorized 5,000,000 shares, no shares issued		
Common stock - $.01 par value, authorized 100,000,000 shares, issued 44,485,260 and 43,646,677 shares	445	437
Additional paid-in capital	571,327	548,782
Retained earnings	283,038	240,904
Accumulated other comprehensive income	2,764	(6,871)

	857,574	783,252
Less: 1,101,676 and 1,072,705 shares of treasury stock, at cost	(18,328)	(17,529)
Total stockholders equity	839,246	765,723
Total liabilities and stockholders equity	$ 1,325,586	$ 1,198,087

Note: The balance sheet at June 30, 2010 has been derived from the audited financial statements at that date.

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
Net sales	$ 288,386	$ 222,098	$ 838,225	$ 694,549
Cost of sales	205,822	160,596	600,167	501,339
Gross profit	82,564	61,502	238,058	193,210
Selling, general and administrative expenses	53,664	42,161	158,814	131,907
Acquisition related expenses and restructuring charges	(1,920)		169	2,936
Operating income	30,820	19,341	79,075	58,367
Interest and other expenses, net	2,851	2,024	8,835	8,581
Income before income taxes and equity in earnings of equity-method investees	27,969	17,317	70,240	49,786
Provision for income taxes	11,076	14,008	28,601	26,073
Equity in net (income) loss of equity-method investees	121	653	(495)	1,785
Net income	$ 16,772	$ 2,656	$ 42,134	$ 21,928
Net income per common share:				
Basic	$ 0.39	$ 0.07	$ 0.98	$ 0.54
Diluted	$ 0.38	$ 0.06	$ 0.95	$ 0.53
Shares used in the calculation of net income per common share:				
Basic	43,202	40,838	42,985	40,771
Diluted	44,711	41,383	44,321	41,298

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY (UNAUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2011

(In thousands, except share and per share amounts)

	Common Stock		Additional		Treasury Stock		Accumulated Other	
	Shares	Amount at $.01	Paid-in Capital	Retained Earnings	Shares	Amount	Comprehensive Income (Loss)	Total
Balance at June 30, 2010	43,646,677	$ 437	$ 548,782	$ 240,904	1,072,705	$ (17,529)	$ (6,871)	$ 765,723
Issuance of common stock pursuant to stock compensation plans	596,398	6	8,218					8,224
Issuance of common stock in connection with acquisition	242,185	2	4,734					4,736
Stock based compensation income tax effects			2,305					2,305
Shares withheld for payment of employee payroll taxes due on shares issued under stock based compensation plans					28,971	(799)		(799)
Stock based compensation charge			7,288					7,288
Net income				42,134				42,134
Translation adjustments							10,161	10,161
Change in deferred gains on cash flow hedging instruments, net of tax							(750)	(750)
Change in unrealized loss on available for sale investment, net of tax							224	224
Balance at March 31, 2011	44,485,260	$ 445	$ 571,327	$ 283,038	1,101,676	$ (18,328)	$ 2,764	$ 839,246

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In thousands)

	Nine Months Ended March 31, 2011	2010
	(Unaudited)	
CASH FLOWS PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net income	$ 42,134	$ 21,928
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	17,661	14,062
Deferred income taxes	(2,385)	4,971
Equity in net (income) loss of equity-method investees	(495)	1,785
Stock based compensation	7,288	5,212
Loss on write-down of investment		1,210
Tax benefit from stock based compensation	2,305	559
Contingent consideration expense reduction	(3,687)	
Interest accretion on contingent consideration	1,378	
Other non-cash items, net	103	345
Increase (decrease) in cash attributable to changes in operating assets and liabilities, net of amounts applicable to acquisitions:		
Accounts receivable	(21,003)	(3,404)
Inventories	(1,921)	5,068
Other current assets	(1,252)	2,126
Other assets	(4,787)	(1,448)
Accounts payable and accrued expenses	1,527	(24,441)
Income taxes	3,565	10,618
Net cash provided by operating activities	40,431	38,591
CASH FLOWS PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Acquisitions, net of cash acquired	(45,317)	(344)
Purchases of property and equipment	(7,842)	(7,354)
Proceeds from disposals of property and equipment	1,544	43
Repayments from (advances to) equity-method investees, net	1,672	1,807
Net cash used in investing activities	(49,943)	(5,848)
CASH FLOWS PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Proceeds from exercises of stock options, net of related expenses	8,224	1,089
Borrowings (repayments) under bank revolving credit facility	11,100	(33,330)
Repayments of other long-term debt	(16)	(78)
Shares withheld for payment of employee payroll taxes	(799)	(405)
Net cash provided by (used in) financing activities	18,509	(32,724)
Effect of exchange rate changes on cash	(692)	(452)
Net increase (decrease) in cash and cash equivalents	8,305	(433)
Cash and cash equivalents at beginning of period	17,266	41,408

Cash and cash equivalents at end of period	$ 25,571	$ 40,975

See notes to condensed consolidated financial statements.

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THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. GENERAL

The Hain Celestial Group, Inc., a Delaware corporation, and its subsidiaries (collectively, the Company, and herein referred to as we, us, and our) manufacture, market, distribute and sell natural and organic products under brand names which are sold as better-for-you products. We are a leader in many natural and organic product categories, with such well-known brands as Earth s Best®, Celestial Seasonings®, Terra®, Garden of Eatin®, Sensible Portions®, Rice Dream®, Soy Dream®, Almond Dream®, Imagine®, WestSoy®, The Greek Gods®, Ethnic Gourmet®, Rosetto®, Arrowhead Mills®, MaraNatha®, SunSpire®, Health Valley®, Spectrum Naturals®, Spectrum Essentials®, Lima®, Danival®, GG UniqueFiber, Yves Veggie Cuisine®, DeBoles®, Linda McCartney® (under license) and Daily Bread . Our natural personal care products are marketed under the Avalon Organics®, Alba Botanica®, JASON®, Zia®, Queen Helene® and Earth s Best TenderCare® brands. Our household cleaning products are marketed under the Martha Stewart Clean (under license) brand.

We have a minority investment in Hain Pure Protein Corporation (HPP or Hain Pure Protein), which processes, markets and distributes antibiotic-free chicken and turkey products. We also have an investment in a joint venture in Hong Kong with Hutchison China Meditech Ltd. (Chi-Med), a majority owned subsidiary of Hutchison Whampoa Limited, a company listed on the Alternative Investment Market, a sub-market of the London Stock Exchange, to market and distribute co-branded infant and toddler feeding products and market and distribute selected Hain Celestial brands in Hong Kong, China and other markets. These investments are accounted for under the equity method of accounting.

We operate in one business segment: the manufacturing, distribution and marketing of natural and organic products. In our 2010 fiscal year, approximately 40% of our revenues were derived from products that were manufactured within our own facilities with 60% produced by various co-packers.

In the Notes to Condensed Consolidated Financial Statements, all dollar amounts, except per share data, are in thousands unless otherwise indicated. References to 2011, 2010 or other years or fiscal 2011 or 2010 refer to our fiscal year ended June 30 of that year.

Management evaluated all events and transactions occurring after the balance sheet date through the filing of this quarterly report on Form 10-Q.

2. BASIS OF PRESENTATION

Our condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States 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. The amounts as of and for the periods ended June 30, 2010 are derived from the Company s audited annual financial statements. The condensed consolidated financial statements reflect all normal recurring adjustments which, in management s opinion, are necessary for a fair presentation for interim periods. Operating results for the three and nine months ended March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending June 30, 2011. Please refer to the footnotes to our consolidated financial statements as of June 30, 2010 and for the year then ended included in our Annual Report on Form 10-K for information not included in these condensed footnotes.

Newly Adopted Accounting Pronouncements

In the first quarter of fiscal 2011 we adopted new accounting guidance included in Accounting Standards Codification (ASC) 810, Consolidation, regarding the consolidation of variable interest entities. The standard includes guidance for determining whether an entity is a variable interest entity and replaces the quantitative-based risks and rewards approach with a qualitative approach that focuses on identifying which enterprise has the power to direct the activities of a variable interest entity that most significantly impact the entity s economic performance. It also requires an ongoing reassessment of whether an entity is the primary beneficiary, and it requires additional disclosures about an enterprise s involvement in variable interest entities. The adoption of the guidance did not have any impact on our results of operations or financial condition.

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Recently Issued Accounting Pronouncements Not Yet Effective

In December 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-28, Intangibles-Goodwill and Other (Topic 350), When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts (a consensus of the FASB Emerging Issues Task Force), which provides updated authoritative guidance related to performing Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. The qualitative factors that an entity should consider when evaluating whether it is more likely than not that a goodwill impairment exists are consistent with the existing guidance for determining whether an impairment exists between annual tests. This update is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010, with no early adoption, which for the Company is our fiscal year beginning July 1, 2011. We do not expect this standard to have a material impact on our consolidated financial statements.

In December 2010, the FASB issued ASU No. 2010-29, Disclosure of Supplementary Pro Forma Information for Business Combinations. The amendments in this standard specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. This standard also expands the supplemental pro forma disclosures under ASC 805 to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments in this ASU are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010, with early adoption permitted. This standard is therefore effective for the Company for acquisitions made on or after July 1, 2011. We do not expect the pro forma disclosure requirements under this standard to have a material impact on our consolidated financial statements.

3. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
Numerator:				
Net income	$ 16,772	$ 2,656	$ 42,134	$ 21,928
Denominator (in thousands):				
Denominator for basic earnings per share - weighted average shares outstanding during the period	43,202	40,838	42,985	40,771
Effect of dilutive stock options and unvested restricted stock	1,509	545	1,336	527
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	44,711	41,383	44,321	41,298
Basic net income per share	$ 0.39	$ 0.07	$ 0.98	$ 0.54
Diluted net income per share	$ 0.38	$ 0.06	$ 0.95	$ 0.53

Basic earnings per share excludes the dilutive effects of stock options and unvested restricted stock. Diluted earnings per share includes only the dilutive effects of common stock equivalents such as stock options. Anti-dilutive stock options, restricted stock and restricted stock units totaling 591,000 for the three months and 833,000 for the nine months ended March 31, 2011 and 2,599,000 for the three months and 2,629,000 for the nine months ended March 31, 2010 were excluded from our earnings per share calculations.

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4. COMPREHENSIVE INCOME

The components of comprehensive income were as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2011	2010	2011	2010
Net income	$ 16,772	$ 2,656	$ 42,134	$ 21,928
Other comprehensive income (loss):				
Foreign currency translation adjustments, net	4,738	(1,861)	10,161	4,905
Change in deferred gains (losses) on cash flow hedging instruments, net of tax	(242)	(3)	(750)	(657)
Change in unrealized loss on available-for-sale investment, net of tax	(60)	(478)	224	267
Comprehensive income	$ 21,208	$ 314	$ 51,769	$ 26,443

Accumulated other comprehensive income (loss) consisted of the following:

	March 31, 2011	June 30, 2010
Foreign currency translation adjustment	$ 3,423	$ (6,738)
Unrealized loss on available for sale securities	(61)	(285)
Deferred gains (losses) on hedging instruments	(598)	152
Total accumulated other comprehensive loss	$ 2,764	$ (6,871)

5. ACQUISITIONS

We account for acquisitions using the acquisition method of accounting. The results of operations of the acquisitions have been included in our consolidated results from their respective dates of acquisition. We allocate the purchase price of each acquisition to the tangible assets, liabilities, and intangible assets acquired based on their estimated fair values. The excess of the purchase price over the fair value of the identified assets and liabilities has been recorded as goodwill.

Fiscal 2011

On February 4, 2011, we acquired Danival SAS, a manufacturer of certified organic food products based in France, for cash consideration of 19.0 million ($26.0 million, based on the transaction date exchange rate). Danival s product line includes over 200 branded organic sweet and salted grocery, fruit, vegetable and delicatessen products currently distributed in Europe. The Danival acquisition complements the organic food line of our Lima brand in Europe and is expected to provide additional opportunities to us through expanded distribution of Danival s products in Europe, the United States and Asia. Identifiable intangible assets acquired consisted of customer relationships and the trade name. The purchase price allocation (summarized below) includes the identified intangible assets which are recorded at their estimated fair values based on preliminary valuations, which may change based on the final valuation. Any change in the estimated fair value of the net assets will change the amount of the purchase price allocable to goodwill. The trade name intangible relates to the Danival brand name, which has an indefinite life, and therefore, is not amortized. The customer relationship intangible asset is being amortized on a straight-line basis over its estimated useful life. The goodwill recorded of $10.7 million represents the future economic benefits expected to arise that could not be individually identified and separately recognized. The goodwill is not deductible for tax purposes. The amounts of revenue and earnings from the Danival acquisition included in our results since February 4, 2011 were not significant.

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On January 28, 2011, we acquired GG UniqueFiber AS, a manufacturer of all natural high fiber crackers based in Norway. GG UniqueFiber s products are distributed through independent distributors in the United States, the United Kingdom and continental Europe. The acquisition broadens our offerings of whole grain and high fiber products, for which we believe we can provide expanded distribution. The acquisition of GG UniqueFiber was completed for cash consideration of Norwegian kroner (NOK) 25.0 million ($4.3 million based on the transaction date exchange rate) plus up to NOK 25.0 million ($4.3 million) of additional contingent consideration based upon the achievement of specified operating results, of which the Company recorded NOK 19.4 million ($3.4 million) as the fair value at the acquisition date. Identifiable intangible assets acquired consisted of customer relationships and the trade name. The purchase price allocation (summarized below) was based upon a provisional valuation, and the Company s estimates and assumptions are subject to change within the measurement period as valuations are finalized. Any change in the estimated fair value of the net assets will change the amount of the purchase price allocable to goodwill. The goodwill recorded of $4.8 million represents the future economic benefits expected to arise that could not be individually identified and separately recognized. The goodwill is not deductible for tax purposes. The amounts of revenue and earnings from the GG UniqueFiber acquisition included in our results since January 28, 2011 were not significant.

On July 2, 2010, we acquired substantially all of the assets and business, including The Greek Gods brand of Greek-style yogurt products, and assumed certain liabilities of 3 Greek Gods, LLC (Greek Gods). Greek Gods develops, produces, markets and sells The Greek Gods brand of Greek-style yogurt products into various sales channels. The acquisition of The Greek Gods brand expanded our refrigerated product offerings. The acquisition was completed for initial cash consideration of $16.3 million, and 242,185 shares of the Company s common stock, valued at $4.8 million, plus up to $25.8 million of additional contingent consideration based upon the achievement of specified operating results in fiscal 2011 and 2012. The Company recorded $22.9 million as the fair value of the contingent consideration at the acquisition date. The Company is required to reassess the fair value of the contingent consideration on a periodic basis. During the nine months ended March 31, 2011, we increased our liability for the contingent consideration and recorded an additional expense of $0.4 million. The increase in the liability resulted from the actual attainment of the first year s target results, which will result in a payment of $15.4 million during the fourth quarter of fiscal 2011, and our current projection of the second year s financial results. Identifiable intangible assets acquired consisted of customer relationships and the trade name. The trade name intangible relates to The Greek Gods brand name, which has an indefinite life, and therefore, is not amortized. The customer relationship intangible asset is being amortized on a straight-line basis over its estimated useful life. The goodwill recorded of $23.7 million represents the future economic benefits expected to arise that could not be individually identified and separately recognized, including entry into the yogurt category and use of our existing infrastructure to expand sales of the acquired business products. The goodwill is expected to be deductible for tax purposes.

The following table summarizes the components of the purchase price allocations for the fiscal 2011 acquisitions:

	Greek Gods	GG UniqueFiber	Danival	Total
Purchase price:				
Cash paid	$ 16,277	$ 4,333	$ 26,038	$ 46,648
Equity issued	4,785			4,785
Fair value of contingent consideration	22,900	3,363		26,263
	$ 43,962	$ 7,696	$ 26,038	$ 77,696
Allocation:				
Current assets	$ 2,172	$ 481	$ 8,638	$ 11,291
Property, plant and equipment		673	3,078	3,751
Identifiable intangible assets	18,800	2,563	10,946	32,309
Assumed liabilities	(696)	(526)	(5,239)	(6,461)
Deferred tax liabilities		(291)	(2,095)	(2,386)
Total identifiable net assets	20,276	2,900	15,328	38,504
Goodwill	23,686	4,796	10,710	39,192
	$ 43,962	$ 7,696	$ 26,038	$ 77,696

Acquisition costs related to the 2011 acquisitions have been expensed as incurred and are included in Acquisition related expenses and restructuring charges in the Consolidated Statement of Operations. Total acquisition-related costs of

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approximately $3.0 million, offset by a net reversal of $3.7 million of contingent consideration, were expensed in the nine months ended March 31, 2011.

Fiscal 2010

On June 15, 2010, we acquired substantially all of the assets and business of World Gourmet Marketing, L.L.C. (World Gourmet), including its Sensible Portions brand snack products and assumed certain liabilities for cash consideration of $50.9 million, 1,558,442 shares of the Company s common stock, valued at $35.4 million, plus up to $30.0 million of additional contingent consideration based upon the achievement of specified operating results in fiscal 2011, of which the Company recorded $26.6 million as the fair value at the acquisition date. We reassessed the fair value of the contingent consideration at March 31, 2011, which resulted in a decrease to the carrying value of the liability of $4.1 million. The reduction resulted from the current estimate of earnings before interest, taxes, depreciation and amortization, or EBITDA, as defined in the purchase agreement, being lower than originally projected. During the quarter ended September 30, 2010, the Company completed its analysis of the fair values at the date of acquisition which resulted in a reallocation of $7.0 million from identified intangible assets to goodwill.

On June 15, 2010, we also acquired Churchill Food Products Limited (Churchill), a manufacturer and distributor of food-to-go products in the United Kingdom. The acquisition of Churchill was completed for cash consideration of £1.3 million (approximately $1.9 million based on the transaction date exchange rate) plus up to £1.8 million (approximately $2.8 million) of additional contingent consideration based upon the achievement of specified operating results in fiscal 2011 and 2012, of which the Company recorded £1.3 million (approximately $2.0 million) as the fair value at the acquisition date. We reassessed the fair value of the contingent consideration at March 31, 2011, which resulted in no change to the carrying value of the liability.

The following table provides unaudited pro forma results of operations for the three months and nine months ended March 31, 2011 and 2010 as if all of the above acquisitions had been completed at the beginning of fiscal year 2009. The following pro forma combined results of operations have been provided for illustrative purposes only, and do not purport to be indicative of the actual results that would have been achieved by the Company for the periods presented or that will be achieved by the combined company in the future. The pro forma information has been adjusted to give effect to items that are directly attributable to the transactions and are expected to have a continuing impact on the combined results. The adjustments include amortization expense associated with acquired identifiable intangible assets, interest expense associated with bank borrowings to fund the acquisitions and elimination of transactions costs incurred in fiscal 2011 that are directly related to the transactions and do not have a continuing impact on operating results.

	Three months ended		Nine months ended	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Pro forma net sales	$ 289,927	$ 249,645	$ 849,373	$ 769,029
Pro forma net income	$ 15,468	$ 4,712	$ 42,492	$ 25,199
Pro forma earnings per common share - diluted	$ 0.35	$ 0.11	$ 0.96	$ 0.58

This information has not been adjusted to reflect any changes in the operations of the businesses subsequent to acquisition by us. Changes in operations of the acquired businesses include, but are not limited to, discontinuation of products, integration of systems and personnel, changes in trade practices, application of our credit policies, changes in manufacturing processes or locations, and changes in marketing and advertising programs. Had any of these changes been implemented by the former managements of the businesses acquired prior to acquisition by us, the sales and net income information might have been materially different than the actual results achieved and from the pro forma information provided. In management s opinion, these unaudited p