ANTHONY & SYLVAN POOLS CORP
Form 10-K
March 28, 2003
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SECURITIES AND EXCHANGE COMMISSION

Washington, D. C. 20549

Form 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR END DECEMBER 31, 2002**

¨ **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. 000-26991

ANTHONY & SYLVAN POOLS CORPORATION

(Exact name of registrant as specified in its charter)

Ohio **(State of Incorporation)**	**31-1522456** **(I.R.S. Employer Identification No.)**
6690 Beta Drive, Mayfield Village, Ohio **(Address of Principal Executive Offices)**	**44143** **(Zip Code)**

Registrant s telephone number, including area code:

(440) 720-3301

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, No Par Value	The Company s common stock trades on the NASDAQ SmallCap Stock Market under the symbol: SWIM

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, as amended, during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes x No ¨

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨

Indicate by checkmark whether the Registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ¨ No x

The number of shares outstanding of the Registrant s Common, no par value shares at March 20, 2003 was 5,341,818. On that same date (based on the closing price of the Registrant s shares) the aggregate market value of the Registrant s Common shares held by non-affiliates of the Registrant was $5,601,386.

List here documents incorporated by reference and the Part of the Form 10-K into which the document is incorporated: Portions of the Anthony & Sylvan Pools Corporation Definitive Proxy Statement for the Annual Meeting of Shareholders to be held May 1, 2003 are incorporated by reference in Part III hereof.

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ANTHONY AND SYLVAN POOLS CORPORATION

2002 FORM 10-K ANNUAL REPORT

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PART I

Item 1. Business

General Development of Business

Anthony and Sylvan Pools Corporation (The Company) was formed in 1997 to acquire the assets and business of a predecessor corporation. That predecessor corporation was the successor to the pool installation businesses of Pennsylvania-based Sylvan Pools and California-based Anthony Pools. Sylvan Pools was founded by Herman Silverman in 1946 and grew to become the leading pool installer in the Northeast, with operations stretching out to the Southeast, Texas and Nevada. Anthony Pools was founded by Phil Anthony in 1947 and eventually established itself as one of the largest pool companies in the United States. In 1996, the parent Company of Sylvan Pools purchased Anthony Pools and combined the two businesses under the name Anthony & Sylvan. Anthony & Sylvan has built over 350,000 pools in its history.

The Company operates in the leisure industry, offering in-ground residential swimming pools, spas and related products in the United States with a network of 40 sales offices serving 22 geographic markets in 16 states. The majority of the Company s swimming pools range in price from $15,000 to $50,000. Historically, its sales have been seasonally strongest in the second and third quarters, the peak period for swimming pool installation and use, and weakest in the first and fourth quarters. The Company s continuing operations installed approximately 3,700 pools (using an equivalent unit basis) in 2002. In addition to designing and offering residential swimming pools, spas and related products, the Company:

- Provides pool modernization services in selected markets; and
- Operates 18 retail stores that sell spa and swimming pool related products, such as chemicals, replacement parts, accessories, equipment and inflatables; and
- Operates, in limited markets, service centers that offer post-installation services such as swimming pool openings and weekly maintenance, as well as replacement parts, equipment and accessories.

Operating data for the three most recent fiscal years is included in Item 8, Financial Statements and Supplementary Data, of this report. For information on operating results and a discussion of those results, refer to Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, of this report.

Swimming Pool Sales and Installation Industry

The swimming pool industry in the United States is comprised of residential in-ground swimming pools, residential above-ground swimming pools, commercial swimming pools and retailing of pool products and equipment. The Company primarily focuses on the installation of concrete, in-ground residential swimming pools, which are estimated to account for 40-45% of the total swimming pool market. While other sectors of the residential in-ground swimming pool business, such as manufacturing, distribution and retailing of pool products and equipment, have undergone significant consolidation in the last several years, the sales and installation industry has remained highly fragmented.

Sales and Marketing

The Company sells its products to a large number of customers, primarily residential homeowners and homebuilders. A dedicated sales force of over 100 employees who have responsibility for developing and maintaining customer relationships conducts its principal sales activities. Sales visits are conducted in the customer s home or at an Anthony & Sylvan sales office near the customer s home. The introduction of the laptop computer as a selling tool in recent years has significantly enhanced the quality and professionalism of the

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Company s sales presentations and reinforced its image as an expert in the swimming pool industry. As a service to its customers, the Company maintains relationships with lenders that provide financing to its customers.

The Company does most of its advertising in local newspapers and Yellow Pages. It also advertises, to a lesser extent, through radio, television, magazines, billboards and direct mail and has attracted buyers as a result of referrals from previous customers and realtors, among others. It also publishes brochures and catalogs. The Company also operates an Internet site www.anthonysylvan.com which is attracting an increasing number of customers each year.

Competition

The Company faces competition primarily from regional and local installers. The Company believes that there are a small number of swimming pool companies that compete with Anthony & Sylvan on a national basis. Barriers to entry in the swimming pool sales and installation industry are relatively low.

The Company believes that the principal competitive factors in the pool design and installation business are the quality and level of customer service, product pricing, breadth and quality of products offered, ability to procure labor and materials on a market by market basis from local and regional sources, financial integrity and stability, and consistency of business relationships with customers. The Company believes it compares favorably with respect to each of these factors.

Principal Suppliers and Subcontractors

The Company regularly evaluates supplier relationships and considers alternate sourcing as appropriate to assure competitive costs and quality standards. The Company currently does not have long-term contracts with its suppliers. It also believes there are currently a number of other suppliers that offer comparable terms.

The Company utilizes both company employees as well as subcontractors to install pools; however, the majority of its installation labor base consists of independent subcontractors. The Company s personnel act as field supervisors to oversee all aspects of the installation process and as schedulers to coordinate the activities of the subcontractors and communicate with the customer.

Backlog from Continuing Operations

As of December 31, 2002, the Company had approximately $35,500,000 of contracts for swimming pool installations that had not been started and $22,600,000 of remaining revenue to be recognized on contracts currently under installation. As of December 31, 2001, the Company had approximately $26,600,000 of contracts for swimming pool installations that had not been started and $18,200,000 of remaining revenue to be recognized on contracts currently under installation for continuing operations. The Company believes, based on past experience, that the majority of any backlog at the end of a year will be completed in the following year.

Employees

At February 28, 2003, the Company employed approximately 460 persons, on a full-time basis. At February 28, 2002, the Company s continuing operations employed approximately 455 employees. During the peak swimming pool sales and installation season, the Company will employ additional operations personnel who will primarily be involved in the installation of swimming pools. No employees are covered by collective bargaining agreements and the Company believes it has satisfactory relations with its employees.

Cautionary Statement

This report on Form 10-K contains statements that are forward-looking, as that term is defined by the Private Securities Litigation Reform Act of 1995 or by the Securities and Exchange Commission in its rules, regulations, and releases. The Company intends that such forward-looking statements be subject to the safe harbors created thereby. The Company assumes no obligation to update or revise any such statements, whether as a result of new information or otherwise. All forward-looking statements are based on current expectations regarding important risk factors, including but not limited to: dependence on existing management; consumer spending; market conditions and weather. Accordingly, actual results may differ from those expressed in the forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that results expressed therein will be achieved.

For a discussion of other risks to which the Company s financial condition, results of operations or cash flows may be subject, see the Management s Discussion and Analysis of Financial Condition and Results of Operations appearing on pages 6 through 8 of this report.

Item 2. Properties

The Company currently operates 40 sales offices, 18 retail stores and a small number of service centers. In addition, it has a number of division administrative and construction offices and warehouses at which it stores inventory used in pool installations. Its executive offices are located in Mayfield Village, Ohio. The Company believes that no single property is material to its operations and that alternate sites are presently available at market rates.

Item 3. Legal Proceedings

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the Company. Although the outcome of litigation and claims is uncertain, the Company does not believe that there are any pending proceedings which could be expected to have a material adverse effect on the Company s financial position, results of operations or liquidity.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter ended December 31, 2002.

PART II

Item 5. Market for the Registrant s Common Equity and Related Shareholders Matters

The Company s Common Shares are listed on the NASDAQ SmallCap Stock Market under the symbol SWIM. At March 20, 2003, 5,341,818 outstanding common shares were held by 257 shareholders of record. The following table sets forth the high, low and ending market prices, adjusted for stock dividends, for the fiscal quarters indicated.

	High	Low	End
Fiscal Year Ended December 31, 2002			
First Quarter	$ 6.23	$ 4.13	$ 5.37
Second Quarter	$ 7.05	$ 5.45	$ 5.45
Third Quarter	$ 5.71	$ 3.18	$ 3.18
Fourth Quarter	$ 5.40	$ 2.59	$ 3.50
Fiscal Year Ended December 31, 2001			
First Quarter	$ 6.49	$ 5.03	$ 5.04
Second Quarter	$ 6.15	$ 4.92	$ 5.75
Third Quarter	$ 6.75	$ 4.96	$ 5.75
Fourth Quarter	$ 6.57	$ 4.88	$ 6.07

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There were no cash dividends declared or paid for the year ended December 31, 2002. The Company anticipates that any earnings will be retained to support the future expansion of the business and will not be distributed to shareholders as dividends.

Item 6. Selected Financial Data

The following table sets forth selected financial data of the Company for each of the last five fiscal years. The financial data presented for the five fiscal years ended December 31, 2002 have been derived from the Company s financial statements with reclassifications made to reflect discontinued operations.

(In thousands, except per share data)	2002	2001	2000	1999	1998
Net sales from continuing operations	$ 158,393	$ 167,672	$ 175,688	$ 158,640	$ 142,188
Income from continuing operations	$ 2,010	$ 4,405	$ 8,335	$ 4,924	$ 5,619
Net income from continuing operations	$ 1,054	$ 2,748	$ 4,811	$ 1,925	$ 2,215
Diluted earnings per share from continuing operations	$ 0.19	$ 0.48	$ 0.85	$ 0.29	$ 0.37
Total assets	$ 57,612	$ 63,619	$ 58,182	$ 53,506	$ 52,319
Long-term obligations (long-term debt and capital obligations)	$ 6,300	$ 7,550	$ 1,250	$ 4,593	$ 260

Footnotes to 5-year data:
1. No cash dividends were declared or paid in any of the five years.
2. In 2002, the Company closed two of its divisions, which have been treated as Discontinued Operations. For a further discussion regarding the impact of this action, see footnote #3 to the financial statements.

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

Critical Accounting Policies

The Company s discussion and analysis of its financial condition and results of operations are based upon the Company s consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The Company believes the following critical accounting policies affect its more significant estimates and assumptions used in the preparation of its consolidated financial statements.

Revenue Recognition

Revenue from pool installation contracts is recognized on the percentage-of-completion accounting method based on the proportion of total costs incurred during the various phases of installation as a percentage of total estimated contract costs. Revisions in cost and revenue estimates are reflected in the period in which the facts requiring such revisions become known. Provision is made currently for estimated losses on uncompleted installations. The majority of the Company s contracts call for progress payments to be made while completing individual phases of the installation until the final phases of installation, at which time the remaining portion is recognized as a contract receivable. Progress payments in excess of revenue recognized are classified as billings in excess of costs and estimated earnings on uncompleted contracts, and are included in accrued expenses. Contract costs include direct material, labor, subcontract costs and overheads. Selling and administrative expenses are charged to income as incurred.

Warranty

The Company accrues an estimate of warranty claims using regression analysis formulas and estimates of the aggregate liability for claims based on the Company s historical experience. The portion of claims the Company estimates will not be paid within one year is included in other long-term liabilities.

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Results of Operations

2002 Compared with 2001

Net sales from continuing operations in 2002 of $158.4 million decreased 5.5% from 2001 net sales of $167.7 million. The decrease was primarily attributable to a 10.8% decrease in new pool units produced partially offset by a 2.5% increase in average selling prices for new pool units, increases in modernization of customers existing pools and retail stores activity.

Gross profit from continuing operations decreased to $46.0 million in 2002 from $48.5 million in 2001 as a result of the decrease in net sales. As a percentage of sales, gross profit increased very slightly from 28.9% in 2001 to 29.0% in 2002.

Operating expenses include selling and administrative expenses, which remained constant, in the aggregate, at approximately $44.0 million in each year. Selling expenses were $1.6 million higher in 2002 compared with 2001 primarily due to the strengthening of sales management positions, improvement in incentives and other sales-related compensation programs and higher advertising and promotional expenditures. Administrative expenses were $1.6 million lower in 2002 compared with 2001, as 2001 administrative expenses included improvements in the Company s infrastructure and operating methods, and also included amortization of goodwill. The Company ceased amortizing goodwill in 2002 as a result of adopting Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002. Upon adoption the Company ceased to amortize $26,276,000 of goodwill. It had recorded amortization expense of $737,000 and $733,000 in the years ended December 31, 2001 and 2000, respectively, and would have recorded a similar amount in 2002. Excluding any goodwill amortization in the years ended December 31, 2001 and 2000 would have increased net income to $1,936,000 or $0.33 per diluted share in 2001 and $4,108,000 or $0.73 per diluted share in 2000. Operating expenses, as reported, as a percentage of sales, increased from 26.3% in 2001 to 27.8% in 2002 as a result of lower revenues.

The Company s effective tax rate for continuing operations increased from 34.8% in 2001 to 40.2% in 2002, primarily as a result of a $0.5 million non-cash deferred compensation credit included in the 2001 results. This item was not included for purposes of calculating the tax provision.

In September 2002, the Company made a decision to close its swimming pool installation businesses in the Orlando and Southeastern Florida markets. The consolidated financial statements for the years ended December 31, 2002 and 2001 have been classified to reflect these operations as discontinued. The operating loss from these operations increased from ($2.1 million) in 2001, or ($1.4 million) on a tax effected basis, to ($5.1 million), or ($3.3 million) on a tax effected basis, in 2002, inclusive of a $1.2 million restructuring charge.

Primarily as a result of the above items, net income decreased $3.6 million to a net loss of ($2.2 million) in 2002. Net loss per diluted share was ($0.41) in 2002 compared with earnings per diluted share of $0.24 per share in 2001. Net income from continuing operations decreased $1.7 million to $1.1 million and net income per diluted share from continuing operations decreased $0.29 to $0.19 per share in 2002.

2001 Compared with 2000

Net sales from continuing operations in 2001 of $167.7 million decreased 4.6% from 2000 net sales of $175.7 million. The decrease was primarily attributable to a 12.2% decrease in new pool units produced, partially offset by an 9.0% increase in average selling prices.

Gross profit from continuing operations decreased to $48.5 million in 2001 from $51.9 million in 2000 as a result of the decrease in net sales. As a percentage of sales, gross profit decreased slightly from 29.6% in 2000 to 28.9% in 2001 as a result of spreading higher fixed construction expenses over a lower revenue base.

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Operating expenses include selling and administrative expenses, which increased by $0.5 million to $44.1 million in 2001 from $43.6 million in 2000. Higher administrative costs associated with improvements that have been made in the Company s infrastructure and operating methods were partially offset by reductions in both short-term and long-term incentive compensation expense. The combination of lower revenues and higher administrative costs resulted in operating expenses as a percentage of sales increasing from 24.8% in 2000 to 26.3% in 2001. Operating expenses in 2000 include $1.5 million of non-cash deferred compensation expense related to the Company s long-term incentive plan compared with a credit of $0.5 million in 2001.

The Company s effective tax rate for continuing operations changed from 41.4% in 2000 to 34.8% in 2001, primarily as a result of the non-cash deferred compensation related to the Company s long-term incentive plan included in the 2001 and 2000 results.

In September 2002, the Company made a decision to close its swimming pool installation businesses in the Orlando and Southeastern Florida markets. The consolidated financial statements for the years ended December 31, 2001 and 2000 have been retroactively reclassified to reflect these operations as discontinued. The operating loss from these operations increased from ($2.0 million), or ($1.3 million) on a tax effected basis, in 2000 to ($2.1 million), or ($1.4 million) on a tax effected basis, in 2001.

Primarily as a result of the above items, net income decreased $2.1 million to $1.4 million in 2001. Net income per diluted share decreased $0.39 to $0.24 per share in 2001. Net income from continuing operations decreased $2.1 million to $2.7 million and net income per diluted share from continuing operations decreased $0.37 to $0.48 per share in 2001.

Liquidity and Capital Resources

For the year ended December 31, 2002, net cash provided by operating activities was $8.5 million compared with net cash used in operating activities of $1.1 million in 2001. The increase in comparative annual cash flow amounts was attributable to reductions in working capital (including cash) of $3.8 million in 2002 compared with increases in working capital of $5.5 million in 2001, partially offset by a decrease in net income from continuing operations of $1.7 million in 2002. The decrease in working capital in 2002 is primarily attributable to a decrease in receivables of $7.6 million in 2002 compared with an increase of $5.2 million in 2001. The increase in 2001 was a result of increased revenue generated under deferred payment sales programs run in the Company s Northeast markets during the fourth quarter of 2001. The Company offered similar deferred payment programs in 2002; however, the revenue generated under these programs was less than the revenue generated in 2001 as a result of unfavorable weather conditions in the later part of 2002, which affected production capabilities.

Capital expenditures in 2002 were $1.8 million compared with $3.0 million in 2001. The decrease in 2002 is a reflection of higher than normal capital expenditures undertaken in 2001 for computers and related software and a new employee training center. The remaining cash provided by operating activities was used to repay bank borrowings, which reduced long-term debt by $1.3 million, and to finance $2.5 million of treasury stock repurchases.

The Company does not have any off-balance sheet financing activities.

The Company has a $35 million revolving credit facility (Credit Facility) with a group of banks secured by the assets of the Company which matures August 10, 2004. The Company s borrowing capacity and interest rates under the Credit Facility are based on its profitability and leverage. Interest is charged at increments over either Prime or Libor rates. In addition, a 37.5 basis points commitment fee is payable on the total amount of the unused commitment. As of December 31, 2002 the effective interest rates on the outstanding borrowings ranged from 2.79% to 4.25%. Borrowings at December 31, 2002 were $6.3 million. Total available additional borrowing capacity under the Credit Facility as of January 1, 2003 is $7.5 million. The Company is in compliance with all of its debt covenants under the Credit Facility.

The Company believes that existing cash and cash equivalents, internally generated funds, and funds available under its line of credit will be sufficient to meet its needs.

Cyclicality and Seasonality

The Company believes that the in-ground swimming pool industry is strongly influenced by general economic conditions and tends to experience periods of decline during economic downturns. Since it is believed that the majority of the Company s swimming pool installation purchases are financed, pool sales are particularly sensitive to interest rate fluctuations and the availability of credit. A sustained period of high interest rates could result in declining sales, which could have a material adverse effect on the Company s financial condition and results of operations. Conversely, a sustained period of low interest rates could help offset the impact of any economic downturns.

Historically, approximately two-thirds of the Company s revenues have been generated in the second and third quarters of the year, the peak season for swimming pool installation and use. Conversely, the Company typically incurs net cumulative losses during the first and fourth quarters of the year. Unseasonably cold weather or extraordinary amounts of rainfall during the peak sales season can significantly reduce pool purchases. In addition, unseasonably early or late warming trends can increase or decrease the length of the swimming pool season, significantly affecting sales and operating profit.

New Accounting Pronouncements

In July 2002, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 146, Accounting for Costs Associated with Exit and Disposal Activities. It addresses issues regarding the recognition, measurement, and reporting of costs that are associated with exit and disposal activities, including restructuring activities that are currently accounted for pursuant to the guidance that the Emerging Issues Task Force (EITF) set forth in EITF 94-3, Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring). Examples of costs covered by the standard include lease termination costs and certain employee severance costs that are associated with a restructuring, discontinued operation, plant closing, or other exit or disposal activity. SFAS 146 replaced Issue 94-3 on January 1, 2003 for exit and disposal activities that are initiated after December 31, 2002. The Company does not expect the adoption of SFAS 146 to have a material impact on its results of operations or financial position.

In November 2002, FASB Interpretation (FIN) No. 45, Guarantor s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others was issued. The interpretation provides guidance on the guarantor s accounting and disclosure requirements for guarantees, including indirect guarantees of indebtedness of others. The Company has adopted the disclosure requirements of the interpretation as of December 31, 2002. The accounting guidelines are applicable to guarantees issued after December 31, 2002 and require that the Company record a liability for the fair value of such guarantees in the balance sheet. The Company does not expect the adoption of FIN 45 to have a material impact on its results of operations or financial position.

In December 2002, the FASB issued Statement No. 148, Accounting for Stock-Based Compensation Transition and Disclosure, which amended SFAS No. 123, Accounting for Stock-Based Compensation. The provisions of SFAS 148 have been adopted for the Company s financial statements for the year ended December 31, 2002. This statement requires companies electing not to expense stock options under the fair value method to provide pro forma net income and earnings per share information, not only annually but on a quarterly basis. While continuing to review the matter, the Company has no current plans to begin expensing stock options.

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Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements. Certain information included in this report and other materials filed with the Securities and Exchange Commission (as well as information included in oral or other written statements made or to be made by the Company) contains statements that are forward-looking. All forward looking statements are based on current expectations regarding important risk factors, including but not limited to: the costs of integrating acquired businesses; dependence on existing management; consumer spending and market conditions, interest rates and weather. Accordingly, actual results may differ from those expressed in any forward-looking statements, and the making of such statements should not be regarded as a representation by the Company or any other person that the results expressed therein will be achieved.

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Item 7A. Quantitative and Qualitative Disclosure about Market

The Company is exposed to various market risks, including changes in pricing of equipment, materials and contract labor, and interest rates. Market risk is the potential loss arising from adverse changes in market rates and prices, such as commodity prices and interest rates. The Company does not enter into financial instruments to manage and reduce the impact of some of these risks. Further, the Company does not enter into derivatives or other financial instruments for trading or speculative purposes.

The Company is exposed to cash flow and fair value risk arising out of changes in interest rates with respect to its long-term debt. Information with respect to the Company s principal cash flows and weighted average interest rates on long-term debt at December 31, 2002 is included in the Consolidated Financial Statements and Notes to the Consolidated Financial Statements.

Prior to an amendment of the Company s Long-Term Incentive Plan on April 1, 2001, the Company s financial results were impacted by fluctuations in its stock price, as a portion of the Company s Long-Term Incentive Plan was treated as a variable versus a fixed stock option or award plan. As a result of the amendment, the Company no longer accounts for any portion of the Plan as a variable plan.

Item 8. Financial Statements and Supplementary Data

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ANTHONY & SYLVAN POOLS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2002 and 2001

(Dollars in thousands)

	2002	2001
Assets		
Current Assets:		
Cash and cash equivalents	$ 432	$ 351
Contract receivables, net of allowance for doubtful accounts of $550 and $485, respectively	8,354	15,906
Inventories	5,841	5,327
Prepayments and other	2,399	1,827
Recoverable income taxes	1,256	400
Deferred income taxes	1,936	2,037
Total current assets	20,218	25,848
Property, Plant and Equipment, at cost:		
Land	1,160	1,160
Buildings and leasehold improvements	3,976	