MIDDLEBY CORP
Form 10-Q/A
August 16, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Mark One)

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

For the period ended SEPTEMBER 27, 2003

or

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

Commission File Number: 1-9973

THE MIDDLEBY CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE	36-3352497
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1400 TOASTMASTER DRIVE, ELGIN, IL	60120
(Address of principal executive offices)	(Zip Code)

(847) 741-3300

(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 twelve (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 o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x

As of November 3, 2003, there were 9,244,422 shares of the registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED SEPTEMBER 27, 2003

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Explanatory Note

Subsequent to the issuance of the company's financial statements for the quarter ended September 27, 2003, it was determined that the costs incurred for shipping and handling should have been classified as a component of cost of sales rather than as a reduction of net sales in accordance with EITF Abstract No. 00-10, "Accounting for Shipping and Handling Fees and Costs." This amendment on Form 10-Q/A (Amendment No. 1) amends the company's quarterly report on Form 10-Q for the period ended September 27, 2003, as filed with the Securities and Exchange Commission on November 7, 2003, and is being filed to reflect the restatement of the company's consolidated financial statements. The significant effects of this restatement on the financial statements are presented in Note 2 to the consolidated financial statements and Item 2 in Part I of this amended quarterly report on Form 10-Q/A (Amendment No. 1). Except for Items 1, 2 and 4 in Part I and Item 6 in Part II of this document, no other information included in the original Form 10-Q is amended by this Form 10-Q/A (Amendment No. 1). This amendment incorporates certain revisions to historical financial data and related descriptions but is not intended to update other information presented in this quarterly report as originally filed, except where specifically noted.

PART I. FINANCIAL INFORMATION

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands, Except Share Amounts)
(Unaudited)

	Sep. 27, 2003	Dec. 28, 2002
ASSETS		
Cash and cash equivalents	$ 4,090	$ 8,378
Accounts receivable, net of reserve for doubtful accounts of $3,506 and $3,494	28,200	27,797
Inventories, net	25,477	27,206
Prepaid expenses and other	1,186	1,069
Current deferred taxes	9,849	13,341
Total current assets	68,802	77,791
Property, plant and equipment, net of accumulated depreciation of $28,458 and $25,788	25,505	27,500
Goodwill	74,761	74,761
Other intangibles	26,300	26,300
Other assets	1,766	1,610
Total assets	$ 197,134	$ 207,962
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current maturities of long-term debt..	$ 13,900	$ 14,400
Accounts payable	13,625	13,488
Accrued expenses	37,614	36,013
Total current liabilities	65,139	63,901
Long-term debt	48,250	73,562
Long-term deferred tax liability	7,878	7,878
Other non-current liabilities	18,063	17,989
Stockholders' equity:		
Preferred stock, $.01 par value; nonvoting; 2,000,000 shares authorized; none issued		
Common stock, $.01 par value; 20,000,000 shares authorized; 11,040,521 and 11,028,396 issued		
in 2003 and 2002, respectively	110	110
Shareholder receivables	(200)	(200)
Paid-in capital	53,950	53,907
Treasury stock at cost; 2,002,474 shares in 2003 and 2002	(11,705)	(11,705)
Retained earnings	17,930	5,073
Accumulated other comprehensive loss	(2,281)	(2,553)
Total stockholders equity	57,804	44,632

Total liabilities and stockholders' equity....	$ 197,134	$ 207,962

See accompanying notes

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(In Thousands, Except Per Share Amounts)
(Unaudited)

	(as restated[1]) Three Months Ended		(as restated[1]) Nine Months Ended	
	Sep. 27, 2003	Sep. 28, 2002	Sep. 27, 2003	Sep. 28, 2002
Net sales	$ 60,894	$ 59,361	$ 182,695	$ 179,053
Cost of sales	38,261	38,897	118,360	119,175
Gross profit	22,633	20,464	64,335	59,878
Selling and distribution expenses	7,259	7,042	22,201	21,575
General and administrative expenses	5,388	4,475	16,097	16,439
Income from operations	9,986	8,947	26,037	21,864
Interest expense and deferred financing amortization	1,410	2,661	4,747	8,783
(Gain) loss on acquisition financing Derivatives	32	(95)	(79)	(109)
Other (income) expense, net	(254)	484	29	395
Earnings before income taxes.	8,798	5,897	21,340	12,795
Provision for income taxes	3,147	1,560	8,483	4,604
Net earnings	$ 5,651	$ 4,337	$ 12,857	$ 8,191
Net earnings per share:				
Basic	$ 0.63	$ 0.48	$ 1.42	$ 0.91
Diluted	$ 0.59	$ 0.47	$ 1.37	$ 0.90
Weighted average number of shares:				
Basic	9,036	8,991	9,032	8,979
Dilutive stock options	469	211	369	92
Diluted	9,505	9,202	9,401	9,071

[1] See Note 2.

See accompanying notes

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

	Nine Months Ended	
	Sep. 27, 2003	**Sep. 28, 2002**
Cash flows from operating activities-		
Net earnings	$ 12,857	$ 8,191
Adjustments to reconcile net earnings to cash provided by operating activities:		
Depreciation and amortization	3,046	5,195
Non-cash portion of tax provision	3,492	(425)
Unrealized gain on derivative financial instruments	(80)	(109)
Unpaid interest on seller notes(1)	567	1,737
Unpaid interest on subordinated senior notes(1)		382
Changes in assets and liabilities-		
Accounts receivable, net	(236)	(3,189)
Inventories, net	1,895	2,374
Prepaid expenses and other assets	(586)	(343)
Accounts payable	137	3,173
Accrued expenses and other liabilities	1,695	(1,512)
Net cash provided by operating activities	22,787	15,474
Cash flows from investing activities-		
Net additions to property and equipment	(739)	(1,011)
Net cash (used in) investing activities	(739)	(1,011)
Cash flows from financing activities-		
Proceeds (repayments) under revolving credit facilities, net	1,150	(13,885)
Repayments of senior secured bank notes	(11,400)	(3,500)
Repayments of subordinated senior note	(16,129)	
Other financing activities, net	43	(40)
Net cash (used in) financing activities	(26,336)	(17,425)
Effect of exchange rates on cash and cash equivalents		62
Changes in cash and cash equivalents-		
Net (decrease) increase in cash and cash equivalents	(4,288)	(2,900)
Cash and cash equivalents at beginning of year	8,378	5,997
Cash and cash equivalents at end of quarter	$ 4,090	$ 3,097
Supplemental disclosure of cash flow information:		

Interest paid	$ 3,444	$ 4,546
Income taxes paid	$ 4,746	$ 3,768

(1) Represents an increase in principal balance of debt associated with interest paid in kind.

See accompanying notes

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THE MIDDLEBY CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 27, 2003
(Unaudited)

1) Summary of Significant Accounting Policies

The consolidated financial statements have been prepared by The Middleby Corporation (the "company"), pursuant to the rules and regulations of the Securities and Exchange Commission, the financial statements are unaudited and certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations, although the company believes that the disclosures are adequate to make the information not misleading. These financial statements should be read in conjunction with the financial statements and related notes contained in the company's 2002 Form 10-K.

In the opinion of management, the financial statements contain all adjustments necessary to present fairly the financial position of the company as of September 27, 2003 and December 28, 2002, and the results of operations for the nine months ended September 27, 2003 and September 28, 2002 and cash flows for the nine months ended September 27, 2003 and September 28, 2002.

2) Restatement

Subsequent to the issuance of the company's financial statements for the quarter ended September 27, 2003, it was determined that the costs incurred for shipping and handling should have been classified as a component of cost of sales rather than as a reduction of net sales in accordance with EITF Abstract No. 00-10, "Accounting for Shipping and Handling Fees and Costs." As a result, the statements of earnings for the three-month and nine-month periods ended September 27, 2003 and September 28, 2002 have been restated to reflect the costs incurred for shipping and handling as a component of cost of sales rather than a reduction in net sales. The impact of this restatement had no effect on net earnings or earnings per share for the three-month and nine-month periods ended September 27, 2003 or September 28, 2002.

The effect of the restatement is as follows (in thousands):

	September 27, 2003			
	As Previously Reported		As Restated	
	Three Months	Nine Months	Three Months	Nine Months
Sales	$ 59,254	$ 177,616	$ 60,894	$ 182,695
Cost of Sales	36,621	113,281	38,261	118,360

	September 28, 2002			
	As Previously Reported		As Restated	
	Three Months	Nine Months	Three Months	Nine Months
Sales	$ 57,679	$ 174,648	$ 59,361	$ 179,053
Cost of Sales	37,215	114,770	38,897	119,175

3) New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143 "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, and requires that such costs be recognized as a liability in the period in which incurred. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements SFAS No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections." SFAS No. 145 eliminates the current requirement that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent. The changes related to debt extinguishment are effective for fiscal years beginning after May 15, 2002. The company will apply this guidance beginning in fiscal 2003.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management's commitment to an exit plan, which is generally before an actual liability has been incurred. This statement is effective for financial statements issued for fiscal years beginning after December 31, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement requires that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after June 30, 2003. The adoption of this statement did not have a material impact to the financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this statement did not have a material impact to the financial statements.

4) Other Comprehensive Income

The company reports changes in equity during a period, except those resulting from investment by owners and distribution to owners, in accordance with SFAS No. 130, "Reporting Comprehensive Income."

Components of other comprehensive income were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	Sep. 27, 2003	Sep. 28, 2002	Sep. 27, 2003	Sep. 28, 2002
Net earnings	$ 5,651	$ 4,337	$ 12,857	$ 8,191
Cumulative translation adjustment	119	(380)	267	(365)
Unrealized loss on interest rate swap	285	(466)	3	(466)
Comprehensive income	$ 6,055	$ 3,491	$ 13,127	$ 7,360

Accumulated other comprehensive income is comprised of minimum pension liability of $1.5 million as of September 27, 2003 and December 28, 2002, foreign currency translation adjustments of $0.3 million as of September 27, 2003 and $0.5 million at December 28, 2002 and an unrealized loss on a interest rate swap of $0.5 million at September 27, 2003 and December 28, 2002.

5) Inventories

Inventories are composed of material, labor and overhead and are stated at the lower of cost or market. Costs for inventory at the two manufacturing facilities acquired in conjunction with the Blodgett acquisition have been determined using the last-in, first-out ("LIFO") method. Had the inventories been valued using the first-in, first-out ("FIFO") method, the amount would not have differed materially from the amounts as determined using the LIFO method. Costs for Middleby inventory have been determined using the FIFO method. The company estimates reserves for inventory obsolescence and shrinkage based on its judgment of future realization. Inventories at September 27, 2003 and December 28, 2002 are as follows:

	Sep. 27, 2003	Dec. 28, 2002
	(In thousands)	
Raw materials and parts	$ 5,248	$ 6,178
Work-in-process	4,211	5,849
Finished goods	16,018	15,179
	$ 25,477	$ 27,206

6) Accrued Expenses

Accrued expenses consist of the following:

	Sep. 27, 2003	Dec. 28, 2002
	(In thousands)	
Accrued warranty	$ 11,538	$ 10,447
Accrued payroll and related expenses	9,098	8,544
Accrued customer rebates	5,710	6,043
Accrued commissions	1,634	1,535
Accrued severance and plant closures	1,250	1,426
Other accrued expenses	8,384	8,018
	$ 37,614	$ 36,013

7) Warranty Costs

In the normal course of business the company issues product warranties for specific product lines and provides for the estimated future warranty cost in the period in which the sale is recorded. The estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Because warranty estimates are forecasts that are based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

A rollforward of the warranty reserve for the nine-month period through the third quarter is as follows:

	Sep. 27, 2003	Sep. 28, 2002
	(dollars in thousands)	
Beginning balance	$ 10,447	$ 9,179
Warranty expense	7,767	7,081
Warranty claims	(6,676)	(5,908)
Ending balance	$ 11,538	$ 10,352

8) Acquisition Integration

On December 21, 2001 the company established reserves through purchase accounting associated with severance related obligations and facility exit costs related to the acquired Blodgett business operations.

Reserves for estimated severance obligations were established in conjunction with reorganization initiatives established during 2001 and completed during the first half of 2002. During the first quarter of 2002, the company reduced headcount at the acquired Blodgett operations by 123 employees. This headcount reduction included most functional areas of the company and included a reorganization of the executive management structure. During the second quarter of 2002, the company further reduced headcount at the Blodgett operations by 30 employees in conjunction with the consolidation and exit of two manufacturing facilities. Production for the Blodgett combi-oven, conveyor oven, and deck oven lines were moved from two facilities located in Williston and Shelburne, Vermont into existing manufacturing facilities in Burlington, Vermont and Elgin, Illinois. The second quarter headcount red uctions predominately related to the manufacturing function. The remaining reserve balance at September 27, 2003 is primarily associated with continuing medical benefits associated with employees terminated in 2002.

Reserves for facility closure costs predominately relate to lease obligations for three manufacturing facilities that were exited in 2001 and 2002. During the second quarter of 2001, prior to the acquisition, reserves were established for lease obligations associated with a manufacturing facility in Quakertown, Pennsylvania that was exited when production at this facility was relocated to an existing facility in Bow, New Hampshire. The lease associated with the exited facility extends through December 11, 2014. The facility is currently subleased for a portion of the lease term through July 2006. During the second quarter of 2002, the company exited leased facilities in Williston and Shelburne, Vermont in conjunction with the company s manufacturing consolidation initiatives. The Williston lease extends through June 30, 2005 and the Shelburne lease extends through December 11, 2014. Neither of these facilities has been subleased although the company is performing an active search for subtenants and evaluating lease buyout alternatives. Future lease obligations under these three facilities are anticipated to amount to approximately $13.3 million. The remaining reserve balance is reflected net of anticipated sublease income.

The forecast of sublease income could differ from actual amounts, which are subject to the occupancy by a subtenant and a negotiated sublease rental rate. If the company's estimates or underlying assumptions change in the future, the company would be required to adjust the reserve amount accordingly.

A summary of the reserve balance activity is as follows (in thousands):

	Balance Dec. 28, 2002	Adjustments	Cash Payments	Balance Sep. 27, 2003
Severance obligations	$ 271	(87)	$ (118)	$ 66
Facility closure and lease obligations	9,493	287	(822)	8,958
Total	$ 9,764	$ 200	$ (940)	$ 9,024

All actions pertaining to the company s integration initiatives have been completed. At this time, management believes the remaining reserve balance is adequate to cover the remaining costs identified at September 27, 2003.

9) Financial Instruments

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS No. 133, as amended, establishes accounting and reporting standards for derivative instruments. The statement requires an entity to recognize all derivatives as either assets or liabilities and measure those instruments at fair value. Derivatives that do not qualify as a hedge must be adjusted to fair value in earnings. If the derivative does qualify as a hedge under SFAS No. 133, changes in the fair value will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments or recognized in other accumulated comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a hedge's change in fair value will be immediately recognized in earnings.

Foreign Exchange: The company has entered into derivative instruments, principally forward contracts to reduce exposures pertaining to fluctuations in foreign exchange rates. As of September 27, 2003 the company had forward contracts to purchase $5.1 million U.S. Dollars with various foreign currencies, all of which mature in the next fiscal quarter. The fair value of these forward contracts was ($0.1) million at the end of the quarter.

Interest rate swap: On January 11, 2002, in accordance with the senior bank agreement, the company entered into an interest rate swap agreement with a notional amount of $20.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. A loss of $0.3 million was recorded in earnings for the six-month period ended June 29, 2002 as the interest rate swap was marked-to-market (not specifically designated as a hedge).

At June 30, 2002 the company designated the swap as a cash flow hedge. Accordingly, changes in the fair value of the swap subsequent to June 30, 2002 are recognized in accumulated other comprehensive income and any hedge ineffectiveness is recorded in current-period earnings as a component of gains and losses on acquisition financing derivatives. The change in fair value of the swap recorded in the prior year quarter was ($0.4) million and the hedge ineffectiveness was ($0.1) million. The change in fair value of this swap agreement in the first nine months of 2003 was ($0.1) million. The ineffective portion of the interest rate hedge recorded in earnings during the first nine months amounted to $0.1 million.

On February 9, 2003 in accordance with the senior bank agreement, the company entered into another interest rate swap agreement with a notional amount of $10.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005. The company designated the swap as a cash flow hedge at its inception and all changes in the fair value of the swap are recognized in accumulated other comprehensive income. The change in fair value of this swap agreement in the first nine months of 2003 was ($0.1) million.

Stock warrant rights: In conjunction with subordinated senior notes issued in connection with the financing for the Blodgett acquisition, the company issued 358,346 stock warrant rights and 445,100 conditional stock warrant rights to the subordinated senior noteholder. These stock warrant rights were repurchased and retired in December 2002 in conjunction with the company's debt refinancing. Prior to the retirement of the warrant rights, the company had recorded a liability pertaining to an obligation that required the company to repurchase these warrant rights at the fair market value in circumstances defined by the subordinated senior note agreement. The obligation pertaining to the repurchase of the warrant rights was recorded in Other Non-Current Liabilities at fair market value utilizing a Black-Scholes valuation model. The change in the fair value of t he stock warrant rights during the first nine months of 2002 amounted to $0.5 million and was recorded as a gain in the income statement for the nine month period ended September 28, 2002. No such amount was incurred in 2003.

10) Stock-Based Compensation

As permitted under SFAS No. 123: "Accounting for Stock-Based Compensation", the company has elected to follow Accounting Principles Board ("APB") Opinion No. 25: "Accounting for Stock Issued to Employees" in accounting for stock-based awards to employees and directors. Under APB No. 25, because the exercise price of the company s stock options is equal to or greater than the market price of the underlying stock on the date of grant, no compensation expense is recognized in the company's financial statements for all periods presented.

Pro forma information regarding net earnings and earnings per share is required by SFAS No. 123. This information is required to be determined as if the company had accounted for its employee and director stock options granted subsequent to December 31, 1994 under the fair value method of that statement.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions, including the expected stock price volatility. Because the company s options have characteristics significantly different from those of traded options and because changes in the subjective input assumptions can materially affect the fair value estimate, in the opinion of management, the existing models do not necessarily provide a reliable single measure of the fair value of its options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options vesting period. The company s pro forma net earnings and per share data utilizing a fair value based method is as follows:

	Three Months Ended		Nine Months Ended	
	Sep. 27, 2003	Sep. 28, 2002	Sep. 27, 2003	Sep. 28, 2002
	(in thousands, except per share data)			
Net income as reported	$ 5,651	$ 4,337	$ 12,857	$ 8,191
Less: Stock-based employee compensation				
expense, net of taxes	(109)	(77)	(305)	(220)
Net income pro forma	$ 5,542	$ 4,260	$ 12,552	$ 7,971
Earnings per share as reported:				
Basic	$ 0.63	$ 0.48	$ 1.42	$ 0.91
Diluted	0.59	0.47	1.37	0.90
Earnings per share pro forma:				
Basic	$ 0.61	$ 0.47	$ 1.39	$ 0.89
Diluted	0.58	0.46	1.33	0.88

11) Segment Information

The company operates in two reportable operating segments defined by management reporting structure and operating activities.

The worldwide manufacturing divisions operate through the Cooking Systems Group. This business segment has manufacturing facilities in Illinois, New Hampshire, North Carolina, Vermont and the Philippines. This business segment supports four major product groups, including conveyor oven equipment, core cooking equipment, counterline cooking equipment, and international specialty equipment. Principal product lines of the conveyor oven product group include Middleby Marshall ovens, Blodgett ovens and CTX ovens.

Principal product lines of the core cooking equipment product group include the Southbend product line of ranges, steamers, convection ovens, broilers and steam cooking equipment, the Blodgett product line of convection and combi ovens, MagiKitch'n charbroilers and catering equipment and the Pitco Frialator product line of fryers. The counterline cooking and warming equipment product group includes toasters, hot food servers, foodwarmers and griddles distributed under the Toastmaster brand name. The international specialty equipment product group is primarily comprised of food preparation tables, undercounter refrigeration systems, ventilation systems and component parts for the U.S. manufacturing operations.

The International Distribution Division provides integrated sales, export management, distribution and installation services through its operations in China, India, Korea, Mexico, Spain, Taiwan and the United Kingdom. The division sells the company s product lines and certain non-competing complementary product lines throughout the world. For a local country distributor or dealer, the company is able to provide a centralized source of foodservice equipment with complete export management and product support services.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The company evaluates individual segment performance based on operating income. Management believes that intersegment sales are made at established arms-length transfer prices.

The following table summarizes the results of operations for the company's business segments[1](in thousands):

	Cooking Systems Group	International Distribution	Corporate and Other[2]	Eliminations[3]	Total
Three months ended September 27, 2003					
Net sales	$ 56,890	$ 10,782	$	$ (6,778)	$ 60,894
Operating income (loss)	11,387	689	(1,940)	(150)	9,986
Depreciation expense	896	36	(68)		864
Capital expenditures	59	1	5		65
Nine months ended September 27, 2003					
Net sales	$ 173,931	$ 31,017	$ -	$ (22,253)	$ 182,695
Operating income (loss)	31,241	1,591	(6,095)	(700)	26,037
Depreciation expense	2,830	110	(206)		2,734
Capital expenditures	763	(31)	7		739
Total assets	177,409	21,126	9,581	(10,982)	197,134
Long-lived assets(4)	124,688	485	3,159		128,332
Three months ended September 28, 2002					
Net sales	$ 56,837	$ 9,167	$ -	$ (6,643)	$ 59,361
Operating income (loss)	9,166	218	(512)	75	8,947
Depreciation expense	1,068	41	(241)		868
Capital expenditures	129	81	(23)		187
Nine months ended September 28, 2002					
Net sales	$ 171,774	$ 25,500	$ 70	$ (18,291)	$ 179,053
Operating income (loss)	26,584	706	(5,108)	(318)	21,864
Depreciation expense	3,400	123	(173)		3,350
Capital expenditures	869	156	(14)		1,011
Total assets	181,885	17,388	18,564	(10,982)	206,855
Long-lived assets(4)	129,193	439	5,789		135,241

(1) Non-operating expenses are not allocated to the operating segments. Non-operating expenses consist of interest expense and deferred financing amortization, gains and losses on acquisition financing derivatives, and other income and expenses items outside of income from operations.

(2) Includes corporate and other general company assets and operations.

(3) Includes elimination of intercompany sales, profit in inventory and intercompany receivables. Intercompany sale transactions are predominantly from the Cooking Systems Group to the International Distribution Division.

(4) Long-lived assets of the Cooking Systems Group includes assets located in the Philippines which amounted to $2,449 and $2,792 in 2003 and 2002, respectively.

Net sales by major geographic region, including those sales from the Cooking Systems Group direct to international customers, were as follows (in thousands):

	Three Months Ended		Nine Months Ended	
	Sep. 27, 2003	**Sep. 28, 2002**	**Sep. 27, 2003**	**Sep. 28, 2002**
United States and Canada	$ 48,648	$ 49,195	$ 147,890	$ 147,693
Asia/Australia	5,321	3,059	14,687	10,805
Europe and Middle East	5,176	5,027	15,721	15,320
Latin America	1,749	2,080	4,397	5,235
Net Sales	$ 60,894	$ 59,361	$ 182,695	$ 179,053

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12) Subsequent Events

In October 2003, the company amended its senior bank agreement. The amendment includes provisions to allow the payment of dividends up to a limit of $2.5 million annually, allow the company to complete one or more acquisitions up to $10 million in aggregate purchase price, and remove provisions requiring excess cash flows, as defined by the senior bank agreement, to be utilized to pay down amounts due under the senior term loan.

In October 2003, the company announced that its Board of Directors had approved the payment of a $0.25 per common share special dividend to shareholders of record as of the close of business on November 12, 2003. The special dividend will be paid on or about December 19, 2003.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (Unaudited).

Restatement

The accompanying management s discussions and analysis of financial condition and results of operations gives effect to the restatement of the condensed consolidated financial statements for three-month periods ended September 27, 2003 and September 28, 2002 as described in Note 2 to the condensed consolidated financial statements.

Informational Note

This report contains forward-looking statements subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The company cautions readers that these projections are based upon future results or events and are highly dependent upon a variety of important factors which could cause such results or events to differ materially from any forward-looking statements which may be deemed to have been made in this report, or which are otherwise made by or on behalf of the company. Such factors include, but are not limited to, volatility in earnings resulting from goodwill impairment losses which may occur irregularly and in varying amounts; variability in financing costs; quarterly variations in operating results; dependence on key customers; international exposure; foreign exchange and political risks affecting international sales; changing market cond itions; the impact of competitive products and pricing; the timely development and market acceptance of the company s products; the availability and cost of raw materials; and other risks detailed herein and from time-to-time in the company s SEC filings, including the 2002 report on Form 10-K.

Net Sales Summary
(dollars in thousands)

	Three Months Ended				Nine Months Ended			
	Sep. 27, 2003		Sep. 28, 2002		Sep. 27, 2003		Sep. 28, 2002	
	Sales	Percent	Sales	Percent	Sales	Percent	Sales	Percent
Business Divisions								
Cooking Systems Group:								
Core cooking equipment	$ 41,412	67.8	$ 41,361	69.8	$ 125,242	68.4	$ 123,611	69.0
Conveyor oven equipment	11,598	19.2	11,690	19.9	35,787	19.8	36,344	20.4
Counterline cooking equipment	2,697	4.5	2,954	5.0	7,581	4.2	8,275	4.6
International specialty equipment	1,183	2.0	832	1.4	5,321	2.9	3,544	2.0
Total Cooking Systems Group	56,890	93.5	56,837	96.1	173,931	95.3	171,774	96.0
International Distribution (1)	10,782	17.9	9,167	15.4	31,017	17.2	25,500	14.4
Intercompany sales (2)	(6,778)	(11.4)	(6,643)	(11.5)	(22,253)	(12.5)	(18,221)	(10.4)
Total	$ 60,894	100.0	$ 59,361	100.0	$ 182,695	100.0	$ 179,053	100.0

(1) Consists of sales of products manufactured by Middleby and products manufactured by third parties.

(2) Consists primarily of the elimination of sales to the company International Distribution Division from Cooking Systems Group.

Results of Operations

The following table sets forth certain consolidated statements of earnings items as a percentage of net sales for the periods.

	Three months ended		Nine months ended	
	Sep. 27, 2003	Sep. 28, 2002	Sep. 27, 2003	Sep. 28, 2002
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	62.8	65.5	64.8	66.6

Gross profit	37.2	34.5	35.2	33.4
Selling, general and administrative expenses	20.8	19.4	21.0	21.1
Income from operations	16.4	15.1	14.2	12.3
Interest expense and deferred financing amortization, net	2.3	4.5	2.6	4.9
Loss (gain) on acquisition financings derivatives	0.1	(0.1)	-	-
Other expense, net	(0.4)	0.8	-	0.2
Earnings before income taxes	14.4	9.9	11.6	7.2
Provision for income taxes	5.2	2.6	4.6	2.6
Net earnings	9.3%	7.3%	7.0 %	4.6 %

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Three Months Ended September 27, 2003 Compared to Three Months Ended September 28, 2002

NET SALES. Net sales for the third quarter of fiscal 2003 were $60.9 million as compared to $59.4 million in the third quarter of 2002.

Net sales at the Cooking Systems Group amounted to $56.9 million in the third quarter of 2003 as compared to $56.8 million in the prior year quarter. Core cooking equipment sales amounted to $41.4 million as compared to $41.4 million. Increased sales of fryers associated with market share gains and new product introductions were offset by reduced combi-oven sales. Combi-oven sales were impacted by reduced demand in institutional markets, such as schools and the military. Conveyor oven equipment sales amounted to $11.6 million as compared to $11.7 million in the prior year quarter. Overall sales were constant with a shift in business from the U.S. to international markets. Counterline cooking equipment sales decreased slightly to $2.7 million from $3.0 million in the prior year. International specialty equipment sales increased to $1.2 mill ion compared to $0.8 million in the prior year quarter due to increased component manufacturing for the company's U.S. based operations.

Net sales at the International Distribution Division increased by $1.6 million to $10.8 million, due to expansion of U.S. based chains in Asia and Australia.

GROSS PROFIT. Gross profit increased to $22.6 million from $20.5 million in the prior year period. The gross margin rate was 37.2% in the quarter as compared to 34.5% in the prior year quarter. The increase in the overall gross margin rate is largely attributable to the impact of cost reduction initiatives, a more favorable sales mix including higher margins on new product introductions and the impact of cost efficiencies on higher volumes.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Combined selling, general, and administrative expenses increased from $11.5 million in the third quarter of 2002 to $12.6 million in the third quarter of 2003. As a percentage of net sales, operating expenses amounted to 19.4% in the third quarter of 2002 versus 20.8% in the third quarter of 2003. Selling and distribution expenses increased from $7.0 million in the third quarter of 2002 to $7.3 million in 2003 due to higher advertising costs associated with introduction of new products and promotion of the brand image. General and administrative expenses increased from $4.5 million to $5.4 million due to a $0.2 million settlement during the quarter to settle an EPA matter, a $0.2 million net expense to adjust the reserves associated with lease obligations related to exited manufa cturing facilities, and higher expense for post-retirement benefit obligations.

NON-OPERATING EXPENSES. Interest and deferred financing amortization costs decreased to $1.4 million from $2.7 million in the prior year as a result of lower debt balances and lower average interest rates resulting from the debt refinancing completed in the fourth quarter of 2002. The loss on financing derivatives was less than $0.1 million in the current year quarter compared to a gain of $0.1 million in the prior year quarter. Other income was $0.3 million in the current year compared to other expense of $0.5 million in the prior year and primarily consists of foreign exchange gains.

INCOME TAXES. A tax provision of $3.1 million, at an effective rate of 36%, was recorded during the quarter as compared to a $1.6 million provision at a 26% effective rate in the prior year quarter. The current quarter tax provision benefited from tax loss carry forwards utilized during the quarter at the company's foreign operations which had generated taxable income during the quarter. The prior year third quarter tax provision included a $1.3 million tax benefit associated with a deduction for the write-off of a foreign operating subsidiary.

Nine Months Ended September 27, 2003 Compared to Nine Months Ended September 28, 2002

NET SALES. Net sales in the nine-month period ended September 27, 2003 were $182.7 million as compared to $179.1 million in the nine-month period ended September 28, 2002.

Net sales at the Cooking Systems Group for the nine-month period ended September 27, 2003 amounted to $173.9 million as compared to $171.8 million in the prior year nine-month period. Core cooking equipment sales amounted to $125.2 million as compared to $123.6 million, primarily due to increased sales of fryers associated with market share gains and expansion of international chain business. This increase was offset in part due to reduced combi-oven sales resulting from lower demand in institutional markets and the impact of increased competition. Conveyor oven equipment sales amounted to $35.8 million as compared to $36.3 million in the prior year nine-month period. The decrease in conveyor oven sales resulted from lower store openings of major chain customers in the U.S. market as compared to the prior year. Reduced sales to the major chain customers was offset in part by higher se rvice parts sales and increased sales to smaller chains and general market customers. Counterline cooking equipment sales decreased to $7.6 million from $8.3 million in the prior year. International specialty equipment sales increased to $5.3 million from $3.5 million as a result of increased component manufacturing for the company's U.S. based operations and increased local demand due to improving economical conditions in the Philippines.

Net sales at the International Distribution Division increased by $5.5 million to $31.0 million due to increased sales into Asia and Australia resulting from global expansion of U.S. based chains and increased market penetration in the United Kingdom.

GROSS PROFIT. Gross profit increased to $64.3 million from $59.9 million in the prior year period. The gross margin rate was 35.2% for the nine-month period as compared to 33.4% in the prior year period. The increase in the overall gross margin rate is largely attributable to cost reduction actions associated with the Blodgett acquisition and integration. As part of the cost structure improvements, the company consolidated manufacturing for several Blodgett product lines into existing manufacturing operations during the second quarter of 2002. Gross margins also benefited from an improved sales mix due in part to the introduction of new higher margin products and the discontinuance of several low margin products.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Combined selling, general, and administrative expenses increased from $38.0 million for the nine-month period ended September 28, 2002 to $38.3 million for the nine-month period ended September 27, 2003. As a percentage of net sales, operating expenses amounted to 21.0% in the nine-month period ended September 27, 2003 versus 21.1% in the prior year. Selling and distribution expenses increased from $21.6 million in the nine-month period of 2002 to $22.2 million in 2003 due to higher advertising costs associated with introduction of new products and promotion of the brand image. General and administrative expenses decreased from $16.4 million to $16.1 million reflecting the benefit of cost reduction actions completed in 2002 associated with the Blodgett acquisition and integration ..

NON-OPERATING EXPENSES. Interest and deferred financing amortization costs decreased to $4.7 million from $8.8 million in the prior year as a result of lower average interest rates and deferred financing amortization resulting from the debt refinancing completed in the fourth quarter of 2002 and lower debt balances. The gain on acquisition related financing derivatives of $0.1 million in the current year nine-month period remained consistent with the prior year nine-month period. Other expense was less than $0.1 million in the current year compared to $0.4 million in the prior year due to the impact of foreign exchange fluctuations.

INCOME TAXES. A tax provision of $8.5 million, at an effective rate of 40%, was recorded for the nine-month period, as compared to a provision of $4.6 million at 36% rate in the prior year period. The prior year tax provision included a $1.3 million benefit associated with a deduction for the write-offs of an investment in a foreign operation.

Financial Condition and Liquidity

During the nine months ended September 27, 2003, cash and cash equivalents decreased by $4.3 million to $4.1 million at September 27, 2003 from $8.4 million at December 28, 2002. Net borrowings decreased from $88.0 million at December 28, 2002 to $62.2 million at September 27, 2003.

OPERATING ACTIVITIES. Net cash provided by operating activities after changes in assets and liabilities was $22.8 million as compared to $15.5 million in the prior year period. Cash provided by operating activities included $0.6 million of borrowings on subordinated notes representing unpaid interest, which is added to the principal balance of the notes consistent with financing agreements.

Inventories decreased $1.9 million due to reductions associated with actions to standardize product line platforms. Prepaid expenses and other assets increased $0.6 million due to the timing of payments for insurance premiums. Accrued expenses and other liabilities increased $1.7 million primarily as a result of higher warranty reserves and compensation related liabilities offset in part by lower customer rebate reserves.

INVESTING ACTIVITIES. During the nine months ending September 27, 2003, the company had capital expenditures of $0.7 million associated with the purchase of production equipment.

FINANCING ACTIVITIES. Net cash flows used in financing activities was $26.3 million during the nine months ending September 27, 2003. This included $9.0 million of scheduled repayments under the senior term loan, $2.4 million of repayments under the foreign bank loan, $16.1 million of repayments of subordinated senior notes due to Maytag and $1.2 million of net borrowings on the company's revolving credit facility.

At September 27, 2003, the company was in compliance with all covenants pursuant to its borrowing agreements. Management believes that future cash flows from operating activities and borrowing availability under the revolving credit facility will provide the company with sufficient financial resources to meet its anticipated requirements for working capital, capital expenditures and debt amortization for the foreseeable future.

In October 2003, subsequent to the end of the third quarter, the company amended its senior bank agreement. The amendment includes provisions to allow the payment of dividends up to a limit of $2.5 million annually, allow the company to complete one or more acquisitions up to $10 million in aggregate purchase price, and remove provisions requiring excess cash flows, as defined by the senior bank agreement, to be utilized to pay down amounts due under the senior term loan.

In October 2003, subsequent to the end of the third quarter, the company announced that its Board of Directors had approved the payment of a $0.25 per common share special dividend to shareholders of record as of the close of business on November 12, 2003. The special dividend will be paid on or about December 19, 2003.

New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 143 "Accounting for Asset Retirement Obligations". This statement addresses financial accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs, and requires that such costs be recognized as a liability in the period in which incurred. This statement is effective for financial statements issued for fiscal years beginning after June 15, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements SFAS No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections". SFAS No. 145 eliminates the current requirement that gains and losses on debt extinguishment must be classified as extraordinary items in the income statement. Instead, such gains and losses will be classified as extraordinary items only if they are deemed to be unusual and infrequent. The changes related to debt extinguishment will be effective for fiscal years beginning after May 15, 2002, and the changes related to lease accounting will be effective for transactions occurring after May 15, 2002. The company will apply this guidance beginning in fiscal 2003.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". This Statement requires recording costs associated with exit or disposal activities at their fair values when a liability has been incurred. Under previous guidance, certain exit costs were accrued upon management's commitment to an exit plan, which is generally before an actual liability has been incurred. This statement is effective for financial statements issued for fiscal years beginning after December 31, 2002. The adoption of this statement did not have a material impact to the financial statements.

In April 2003, the FASB issued SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities." This statement requires that contracts with comparable characteristics be accounted for similarly. This statement is effective for contracts entered into or modified after June 30, 2003. The adoption of this statement did not have a material impact to the financial statements.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." This statement establishes standards for classifying and measuring certain financial instruments with characteristics of both liabilities and equity. This statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. The adoption of this statement did not have a material impact to the financial statements.

Critical Accounting Policies and Estimates

Management's discussion and analysis of financial condition and results of operations are based upon the company's condensed consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses as well as related disclosures. On an ongoing basis, the company evaluates its estimates and judgments based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

Property and equipment: Property and equipment are depreciated or amortized on a straight-line basis over their useful lives based on management's estimates of the period over which the assets will be utilized to benefit the operations of the company. The useful lives are estimated based on historical experience with similar assets, taking into account anticipated technological or other changes. The company periodically reviews these lives relative to physical factors, economic factors and industry trends. If there are changes in the planned use of property and equipment or if technological changes were to occur more rapidly than anticipated, the useful lives assigned to these assets may need to be shortened, resulting in the recognition of increased depreciation and amortization expense in future periods.

Long-lived assets: Long-lived assets (including goodwill and other intangibles) are reviewed for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In assessing the recoverability of the company's long-lived assets, the company considers changes in economic conditions and makes assumptions regarding estimated future cash flows and other factors. Estimates of future cash flows are judgments based on the company's experience and knowledge of operations. These estimates can be significantly impacted by many factors including changes in global and local business and economic conditions, operating costs, inflation, competition, and consumer and demographic trends. If the company's estimates or the underlying assumptions change in the future, the company may be required to record impairment charges.

Warranty: In the normal course of business the company issues product warranties for specific product lines and provides for the estimated future warranty cost in the period in which the sale is recorded. The estimate of warranty cost is based on contract terms and historical warranty loss experience that is periodically adjusted for recent actual experience. Because warranty estimates are forecasts that are based on the best available information, claims costs may differ from amounts provided. Adjustments to initial obligations for warranties are made as changes in the obligations become reasonably estimable.

Lease Obligations: In 2002 and 2001, the company established reserves associated with lease obligations for three manufacturing facilities that were exited in conjunction with manufacturing consolidation efforts related to the acquisition of Blodgett. The term of the lease associated with one of the three facilities in Williston, Vermont extends through June 2005. The terms of the leases associated with the other two facilities in Shelburne, Vermont and Quakertown, Pennsylvania extend through December 2014. The company currently has a subtenant for the Quakertown, Pennsylvania facility for a portion of the lease term. The company is actively searching for subtenants for the other two facilities and exploring lease buyout alternatives. The recorded reserves are established for the future lease obligations net of an estimate for anticip ated sublease income. The forecast of sublease income could differ from actual amounts, which are subject to the occupancy by a subtenant and a negotiated sublease rental rate. If the company's estimates or underlying assumptions change in the future, the company would be required to adjust the reserve amount accordingly.

Litigation: From time to time, the company is subject to proceedings, lawsuits and other claims related to products, suppliers, employees, customers and competitors. The company maintains insurance to cover product liability, workers compensation, property and casualty, and general liability matters. The company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual required, if any, for these contingencies is made after assessment of each matter and the related insurance coverage. The required accrual may change in the future due to new developments or changes in approach such as a change in settlement strategy in dealing with these matters. The company does not believe that any such matter will have a material adverse effect on its financial condition or results of operations.

Income taxes: The company operates in numerous taxing jurisdictions where it is subject to various types of tax, including sales tax and income tax. The company's tax filings are subject to audits and adjustments. Because of the nature of the company s operations, the nature of the audit items can be complex, and the objectives of the government auditors can result in a tax on the same transaction or income in more than one state or country. As part of the company's calculation of the provision for taxes, the company establishes reserves for the amount that it expects to incur as a result of audits. The reserves may change in the future due to new developments related to the various tax matters.

Contractual Obligations

The company's contractual cash payment obligations are set forth below (dollars in thousands):

	Long-term Debt	Operating Leases	Idle Facility Leases	Total Contractual Cash Obligations
Less than 1 year	$ 13,900	$ 593	$ 1,535	$ 16,028
2-3 years	26,525	837	2,479	29,841
4-5 years	21,725	553	2,225	24,503
After 5 years		104	7,099	7,203
	$ 62,150	$ 2,087	$ 13,338	$ 77,575

Idle facility leases consist of obligations for three manufacturing locations that were exited in conjunction with the company's manufacturing consolidation efforts. The lease obligations continue through December 2014. The obligations presented above do not reflect any anticipated sublease income from the facilities.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The company is exposed to market risk related to changes in interest rates. The following table summarizes the maturity of the company s debt obligations.

Twelve Month Period Ending	Fixed Rate Debt	Variable Rate Debt
	(In thousands)	
September 30, 2004	$	$ 13,900
September 30, 2005		13,225
September 30, 2006		13,300
September 30, 2007	5,000	13,375
September 30, 2008		3,350
	$ 5,000	$ 57,150

As of September 27, 2003, the company had aggregate borrowings under its senior bank facility of $57.2 million. Borrowings at September 27, 2003 under the senior bank facility included $51.4 million term loan assessed interest at floating rates of 2.75% above LIBOR and a $4.6 million term loan assessed interest at a rate of 3.75% above LIBOR. At September 27, 2003, the interest rate on the term loans were 3.87% and 4.93%, respectively. The interest rate on the $51.4 million term loan may be adjusted quarterly based on the company s defined indebtedness ratio on a rolling four-quarter basis. The senior bank agreement also includes a $30.0 million revolving credit facility for working capital needs. Availability under the revolving credit facility is limited to the amount of collateral as defined by the senior bank agreement, which amounted to $21.7 million as of September 27, 2003 .. As of September 27, 2003, net borrowings under the revolving credit facility amounted to $1.2 million and letters of credit drawn on the facility were $1.5 million. Borrowings under the revolving credit facility are assessed interest at a rate of 2.75% above LIBOR, which was 3.87% at September 27, 2003. A variable commitment fee, based upon the indebtedness ratio, of 0.45% is charged on the unused portion of the line of credit.

In August 2003, the company repaid $16.1 million in notes due to Maytag. The note reduction included the repayment of $7.3 million in notes that had carried a 13.5% interest rate and $8.8 million in notes that had carried a 12.0% interest rate. As of September 27, 2003 the company had $5.0 million in notes due to Maytag. The notes due to Maytag mature in December 2006 and bear an interest rate of 12.0% payable in cash. Interest on the Maytag notes is assessed semi-annually. The notes become immediately due upon the occurrence of certain material events without the written permission of Maytag, including a change in control, a business acquisition, the acceleration of the senior bank debt, or the issuance of additional debt. The company has the ability to prepay the notes to Maytag without penalty.

The senior bank facility entered into in December 2002 requires the company to have in effect one or more interest rate protection agreements effectively fixing the interest rates on not less than $20.0 million in principal amount for a period of not less than two years and $10.0 million in principal amount for a period of not less than three years. In January 2002, the company had established an interest rate swap agreement with a notional amount of $20.0 million. This agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. In February 2003, the company entered into another swap agreement with a notional amount of $10.0 million that swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005.

The terms of the senior secured credit facility and subordinated note to Maytag limit the paying of dividends, capital expenditures and leases, and require, among other things, a minimum amount, as defined, of stockholders equity, and certain ratios of indebtedness and fixed charge coverage. The credit agreement also provides that if a material adverse change in the company s business operations or conditions occurs, the lender could declare an event of default. Under terms of the agreement a material adverse effect is defined as (a) a material adverse change in, or a material adverse effect upon, the operations, business properties, condition (financial and otherwise) or prospects of the company and its subsidiaries taken as a whole; (b) a material impairment of the ability of the company to perform under the loan agreements and to avoid any event of default; or (c) a mate rial adverse effect upon the legality, validity, binding effect or enforceability against the company of any loan document. At September 27, 2003, the company was in compliance with all covenants pursuant to its borrowing agreements.

Financing Derivative Instruments

On January 11, 2002, in accordance with the senior bank agreement, the company entered into an interest rate swap agreement, with a notional amount of $20.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 4.03% and is in effect through December 31, 2004. As of September 27, 2003, the fair value of this derivative financial instrument was ($0.7) million. A gain of $0.1 million was recorded in earnings for the nine-month period. Since inception of the swap the company has recorded a $0.2 million loss on the swap through earnings and $0.5 million as a reduction in other comprehensive income.

On February 9, 2003 in accordance with the senior bank agreement, the company entered into another interest rate swap agreement with a notional amount of $10.0 million to fix the interest rate applicable to certain of its variable-rate debt. The agreement swaps one-month LIBOR for a fixed rate of 2.36% and is in effect through December 30, 2005. As of September 27, 2003, the fair value of this derivative financial instrument decreased by $0.1 million and has been recorded as a reduction in other comprehensive income.

Foreign Exchange Derivative Financial Instruments

The company uses foreign currency forward purchase and sale contracts with terms of less than one year, to hedge its exposure to changes in foreign currency exchange rates. The company s primary hedging activities are to mitigate its exposure to changes in exchange rates on intercompany and third party trade receivables and payables. The company does not currently enter into derivative financial instruments for speculative purposes. In managing its foreign currency exposures, the company identifies and aggregates naturally occurring offsetting positions and then hedges residual balance sheet exposures. The following table summarizes the forward and option purchase contracts outstanding at September 27, 2003, the fair value of which was ($0.1) million at the end of the quarter:

Sell	Purchase	Maturity
1,000,000 Euro	$822,000 U.S. Dollars	September 30, 2003
1,000,000 British Pounds	$1,599,000 U.S. Dollars	October 14, 2003
1,000,000 British Pounds	$1,632,600 U.S. Dollars	October 22, 2003
5,170,000 Mexican Pesos	$470,400 U.S. Dollars	October 14, 2003
6,161,400 Mexican Pesos	$560,900 U.S. Dollars	October 14, 2003

Item 4. Controls and Procedures

The company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the company's Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the company's management, including its Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, as appropriate, to allow timely decisions regarding required disclosure.

As of September 27, 2003, the company carried out an evaluation, under the supervision and with the participation of the company's management, including the company's Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer, of the effectiveness of the design and operation of the company's disclosure controls and procedures. Based on the foregoing, the company's Chief Executive Officer, Chief Financial Officer and Chief Administrative Officer concluded that the company's disclosure controls and procedures were effective as of the end of this period.

During the quarter ended September 27, 2003, there have been no significant changes in the company's internal controls over financial reporting or in other factors that could significantly affect the internal controls subsequent to the date the company completed its evaluation.

PART II. OTHER INFORMATION

The company was not required to report the information pursuant to Items 1 through 6 of Part II of Form 10-Q/A for the three months ended September 27, 2003, except as follows:

Item 2. Changes in Securities

c) During the third quarter of fiscal 2003, the company issued 2,325 shares of the company's common stock to a company officer and 2,000 shares to a division executive pursuant to the exercise of stock options, for $13,506.25 and $9,000.00, respectively. Such options were granted for 325 shares at an exercise price of $5.25 per share and 2,000 shares at an exercise price of $5.90 per share and 2,000 shares at an exercise price of $4.50, respectively. As certificates for the shares were legended and stop transfer instructions were given to the transfer agent, the issuance of such shares was exempt under the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof and the rules and regulations thereunder, as transactions by an issuer not involving a public offering.

Item 6. Exhibits and Reports on Form 8-K

a) Exhibits The following Exhibits are filed herewith:

Exhibit 4.1 First Amendment to the Amended and Restated Credit Agreement, dated October 31, 2003, between The Middleby Corporation, Middleby Marshall Inc., LaSalle Bank National Association, Wells Fargo Bank, Inc. and Bank of America N.A.

Exhibit 4.2 Restated and Substituted Subordinated Promissory Note, dated October 23, 2003, between The Middleby Corporation and Maytag Corporation.

Exhibit 31.1 Rule 13a-14(a) Certification of CEO.
Exhibit 31.2 Rule 13a-14(a) Certification of CFO.

Exhibit 31.3 Rule 13a-14(a) Certification of CAO.

Exhibit 32.1 - Certification by the Principal Executive Officer of The Middleby Corporation Pursuant to Rule 13A-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C. 1350).

Exhibit 32.2 - Certification by the Principal Financial Officer of The Middleby Corporation Pursuant to Rule 13A-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C. 1350).

Exhibit 32.3 - Certification by the Principal Administrative Officer of The Middleby Corporation Pursuant to Rule 13A-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002(18 U.S.C. 1350).

b) Reports on Form 8-K

On August 11, 2003 (date of earliest event reported was August 11, 2003), the company filed a report on Form 8-K, in response to Item 5, Other Events, announcing the company's prepayment of notes due to Maytag Corporation.

On October 24, 2003 (date of earliest event reported was October 24, 2003), the company filed a report on Form 8-K, in response to Item 9, Regulation FD Disclosure, announcing the company's fiscal third quarter 2003 results.

On October 30, 2003 (date of earliest event reported was October 30, 2003), the company filed a report on Form 8-K, in response to Item 5, Other Events, announcing the payment of a special dividend.

SIGNATURE

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 thereunto duly authorized.

THE MIDDLEBY CORPORATION
(Registrant)

Date: August 16, 2004

By: /s/ Timothy J. FitzGerald

Timothy J. FitzGerald
Vice President, Chief Financial Officer