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AMERICAN BILTRITE INC
Form 10-Q
November 14, 2005

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended September 30, 2005

Commission File Number 1-4773

AMERICAN BILTRITE INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-1701350
(IRS Employer Identification No.)

57 River Street
Wellesley Hills, Massachusetts 02481-2097
(Address of Principal Executive Offices)
(781) 237-6655
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of Each Class -----	Outstanding at October 31, 2005 -----
Common	3,441,551 shares

AMERICAN BILTRITE INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN BILTRITE INC. AND SUBSIDIARIES
CONSOLIDATING CONDENSED BALANCE SHEETS - ASSETS
(In thousands of dollars)

	ABI Consolidated		Eliminati
	September 30, 2005	December 31, 2004	September 30, 2005

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	(Unaudited)		(Unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 20,959	\$ 34,691	
Restricted cash	11,334	15,682	
Accounts receivable, net	54,089	43,591	\$ (499)
Inventories	79,545	76,036	(200)
Assets of discontinued operation	3,184	2,952	
Deferred income taxes	12,636	12,636	
Prepaid expense & other current assets	10,865	6,826	

Total current assets	192,612	192,414	(699)
Property, plant & equipment, net	117,296	124,070	
Other assets:			
Insurance for asbestos-related liabilities	7,500	7,500	
Goodwill, net	11,300	11,300	
Other assets	19,854	20,001	(147)

	38,654	38,801	(147)

Total assets	\$348,562	\$355,285	\$ (846)

	Congoleum		American Bil
	September 30, 2005	December 31, 2004	September 30, 2005
	(Unaudited)		(Unaudited)
Assets			
Current Assets:			
Cash and cash equivalents	\$ 17,658	\$ 29,710	\$ 3,301
Restricted cash	11,334	15,682	
Accounts receivable, net	26,159	17,621	28,429
Inventories	37,065	39,623	42,680
Assets of discontinued operation			3,184
Deferred income taxes	10,678	10,678	1,958
Prepaid expense & other current assets	7,302	5,124	3,563

Total current assets	110,196	118,438	83,115
Property, plant & equipment, net	75,107	79,550	42,189
Other assets:			
Insurance for asbestos-related liabilities			7,500
Goodwill, net			11,300
Other assets	14,642	14,894	5,359

	14,642	14,894	24,159

Total assets	\$199,945	\$212,882	\$149,463

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See accompanying notes to consolidating condensed financial statements.

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AMERICAN BILTRITE INC. AND SUBSIDIARIES
 CONSOLIDATING CONDENSED BALANCE SHEETS - LIABILITIES AND STOCKHOLDERS' EQUITY
 (In thousands of dollars)

	ABI Consolidated		Eliminat
	September 30, 2005	December 31, 2004	September 30, 2005
	(Unaudited)		(Unaudited)
Liabilities			
Current liabilities:			
Accounts payable	\$ 22,565	\$ 18,700	\$ (499)
Accrued expenses	44,246	48,605	
Asbestos-related liabilities	18,771	21,079	
Liabilities of discontinued operation	204	165	
Notes payable	21,575	17,036	
Current portion of long-term debt	20,135	21,411	
Liabilities subject to compromise	21,377	14,225	
Total current liabilities	148,873	141,221	(499)
Long-term debt, less current portion	1,385	2,790	
Asbestos-related liabilities	10,238	10,238	
Other liabilities	25,582	25,237	
Noncontrolling interests	1,360	623	
Liabilities subject to compromise	135,694	137,104	(147)
	323,132	317,213	(646)
Stockholders' equity			
Common stock	46	46	(93)
Additional paid-in capital	19,548	19,548	(49,106)
Retained earnings	36,455	49,526	35,075
Accumulated other comprehensive loss	(15,487)	(15,916)	6,111
Less treasury shares	(15,132)	(15,132)	7,813
Total stockholders' equity	25,430	38,072	(200)
Total liabilities and stockholders' equity	\$348,562	\$355,285	\$ (846)

	Congoleum		American Bil
	September 30, 2005	December 31, 2004	September 30, 2005
	(Unaudited)		(Unaudited)
Liabilities			
Current liabilities:			

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Accounts payable	\$ 9,583	\$ 10,295	\$ 13,481
Accrued expenses	23,976	28,066	20,270
Asbestos-related liabilities	18,771	21,079	
Liabilities of discontinued operation			204
Notes payable	12,595	9,500	8,980
Current portion of long-term debt			20,135
Liabilities subject to compromise	21,377	14,225	
Total current liabilities	86,302	83,165	63,070
Long-term debt, less current portion			1,385
Asbestos-related liabilities	2,738	2,738	7,500
Other liabilities	10,678	10,678	14,904
Noncontrolling interests			1,360
Liabilities subject to compromise	135,841	137,290	
	235,559	233,871	88,219
Stockholders' equity			
Common stock	93	93	46
Additional paid-in capital	49,106	49,106	19,548
Retained earnings	(58,455)	(43,830)	59,835
Accumulated other comprehensive loss	(18,545)	(18,545)	(3,053)
Less treasury shares	(7,813)	(7,813)	(15,132)
Total stockholders' equity	(35,614)	(20,989)	61,244
Total liabilities and stockholders' equity	\$199,945	\$212,882	\$149,463

See accompanying notes to consolidating condensed financial statements.

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AMERICAN BILTRITE INC. AND SUBSIDIARIES
CONSOLIDATING CONDENSED STATEMENTS OF OPERATIONS (Unaudited)
For the Three Months Ended September 30, 2005 and 2004
(In thousands of dollars, except per share amounts)

	ABI Consolidated 2005	2004	Eliminati 2005
Net sales	\$114,152	\$113,180	\$ 54
Cost of products sold	85,841	80,564	2
Selling, general & administrative expenses	23,938	26,520	
Income from operations	4,373	6,096	52
Other (income) expense:			
Interest income	(91)	(26)	
Interest expense	3,241	3,136	
Other (income) expense	(417)	12	67
	2,733	3,122	67

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Income (loss) before taxes and other items	1,640	2,974	(15)
Provision for income taxes	481	1,342	
Noncontrolling interests	(71)	(118)	
Income (loss) from continuing operations	1,088	1,514	(15)
Discontinued operation	(80)	(70)	
Net income (loss)	\$ 1,008	\$ 1,444	\$ (15)

	Congoleum		American Bil
	2005	2004	2005
Net sales	\$60,507	\$58,871	\$53,591
Cost of products sold	47,270	41,812	38,569
Selling, general & administrative expenses	10,556	12,959	13,382
Income from operations	2,681	4,100	1,640
Other (income) expense:			
Interest income	(91)	(26)	-
Interest expense	2,670	2,417	571
Other (income) expense	(223)	(212)	(261)
	2,356	2,179	310
Income (loss) before taxes and other items	325	1,921	1,330
Provision for income taxes	-	768	481
Noncontrolling interests			(71)
Income (loss) from continuing operations	325	1,153	778
Discontinued operation			(80)
Net income (loss)	\$ 325	\$ 1,153	\$ 698

	Basic		
	2005	2004	2005
Income per common share from continuing operations	\$ 0.32	\$ 0.44	\$ 0.31
Discontinued operation	(0.02)	(0.02)	(0.02)
Net income per common share	\$ 0.30	\$ 0.42	\$ 0.29

Weighted average number of common and

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equivalent shares outstanding	3,442	3,442	3,475
	=====	=====	=====

See accompanying notes to consolidating condensed financial statements.

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AMERICAN BILTRITE INC. AND SUBSIDIARIES
CONSOLIDATING CONDENSED STATEMENTS OF OPERATIONS (Unaudited)
For the Nine Months Ended September 30, 2005 and 2004
(In thousands of dollars, except per share amounts)

	ABI Consolidated		Eliminati
	2005	2004	2005
Net sales	\$331,118	\$325,105	\$178
Cost of products sold	246,630	234,034	(81)
Selling, general & administrative expenses	88,428	79,166	
(Loss) income from operations	(3,940)	11,905	259
Other (income) expense:			
Interest income	(320)	(38)	
Interest expense	9,772	9,185	
Other (income) expense	(2,582)	(256)	191
	6,870	8,891	191
(Loss) income before taxes and other items	(10,810)	3,014	68
Provision (credit) for income taxes	1,436	1,395	
Noncontrolling interests	(632)	(141)	
(Loss) income from continuing operations	(12,878)	1,478	68
Discontinued operation	(193)	(342)	
Net (loss) income	\$ (13,071)	\$ 1,136	\$ 68
	=====	=====	=====
	Congoleum		American Bilt
	2005	2004	2005
Net sales	\$176,245	\$173,822	\$154,695
Cost of products sold	135,577	126,326	111,134
Selling, general & administrative expenses	48,416	37,961	40,012
(Loss) income from operations	(7,748)	9,535	3,549
Other (income) expense:			
Interest income	(273)	(26)	(47)
Interest expense	7,788	6,976	1,984

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Other (income) expense	(638)	(877)	(2,135)
	6,877	6,073	(198)
(Loss) income before taxes and other items	(14,625)	3,462	3,747
Provision (credit) for income taxes	--	1,384	1,436
Noncontrolling interests			(632)
(Loss) income from continuing operations	(14,625)	2,078	1,679
Discontinued operation			(193)
Net (loss) income	\$ (14,625)	\$ 2,078	\$ 1,486

	Basic		
	2005	2004	2005
(Loss) income per common share from continuing operations	\$ (3.74)	\$ 0.43	\$ (3.74)
Discontinued operation	(0.06)	(0.10)	(0.06)
Net (loss) income per common share	\$ (3.80)	\$ 0.33	\$ (3.80)
Weighted average number of common and equivalent shares outstanding	3,442	3,442	3,442

See accompanying notes to consolidating condensed financial statements.

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AMERICAN BILTRITE INC. AND SUBSIDIARIES
CONSOLIDATING CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)
For the Nine Months Ended September 30, 2005 and 2004
(In thousands of dollars)

	ABI Consolidated		Eli
	2005	2004	2005
Operating activities			
Net (loss) income	\$ (13,071)	\$ 1,136	\$ 68
Net loss from discontinued operation	193	342	
Net (loss) income from continuing operations	(12,878)	1,478	68