

# MERGENT INDUSTRIAL

NEW LISTING

January 26, 2010

This Supplemental News Reports is published as required, is part of the annual MERGENT INDUSTRIAL, OTC and OTC UNLISTED MANUALS and will be included in the bound 2010 January Monthly News Reports and is published on our Website.

## ALDILA, INC.

Company Website: [www.aldila.com](http://www.aldila.com)

**History:** Founded in California in 1972. Incorporated in Delaware in Dec. 1991 as Aldila Holdings Corp. Present name adopted on Apr. 23, 1993.

On Jan. 13, 1992, Co., through Aldila Acquisition Corp. (AAC), acquired its predecessor for approx. \$83,100,000. The predecessor was merged into AAC and changed its name to Aldila Golf Corp.

On Oct. 29, 1999, SGL Technik GmbH purchased a 50% interest in Co.'s carbon fiber manufacturing operation in Evanston, WY, for approx. \$7,000,000 in cash.

During 2007, Co. made a decision to discontinue the manufacturing efforts of the hockey stick product lines.

On Nov. 30, 2007, Co., through its subsidiary, Aldila Materials Technology Corp. ("AMTC") sold its 50% interest in Carbon Fiber Technology LLC ("CFT") to SGL Carbon Fibers and Composites, Inc. ("SGL") for a purchase price of \$17,000,000 plus one half of the Estimated Net Working Capital of CFT, which was \$2,847,723.50, for a total payment at the closing of \$19,847,723.50.

**Business:** Aldila is a designer and manufacturer of graphite golf shafts. Co. conducts its operations through its subsidiaries, Aldila Golf Corp. and Aldila Materials Technology Corp. Co.'s golf shaft product lines consist of its branded and co-branded products designed for its major customers and custom club makers, as well as custom shafts developed in conjunction with its major customers. Co.'s branded and co-branded models are used either to assemble a new custom club from selected components or as an after market re-shaft of existing clubs. Co.'s branded shaft offerings include the Aldila NV and NVOLine extensions; the VS Proto™ and the VS Proto™ Hybrid; DVSO and DVSO Hybrid; and VooDoo.

**Property:** Co. maintains its principal executive offices in Poway, CA, where it leases a 52,000 sq. ft. facility.

Co.'s golf shafts are manufactured at three separate facilities: one located in Tijuana, Mexico, one in the Zhuhai economic development zone of the People's Republic of China and one in Ho Chi Minh City, Vietnam. Co. leases a 73,000 sq. ft. facility in Poway, CA for graphite prepreg production. The Mexico facility is leased and comprises approx. 31,000 sq. ft. The China facility is also leased and comprises approx. 88,000 sq. ft. The Vietnam facility was built by Co. and operates under a land lease. The land is approx. 10,000 sq. mt. and the building is comprised of approx. 64,000 sq. ft. Co. also leases warehousing space in China.

**Joint Venture:** On Oct. 29, 1999, Co. and SGL Technik GmbH jointed and formed Carbon Fiber Technology LLC ("CFT"). Co. and SGL each own 50% of CFT in a joint venture to produce carbon fiber.

### Subsidiaries

Aldila Golf Corp.  
Aldila Materials Technology Corp.  
Aldila de Mexico, S.A. de C.V. (Mexico)  
Aldila Carbon Fibers Products (Zhuhai) Company Limited (China (Peoples Rep. Of))  
Aldila Composite Products Company Ltd (Viet Nam)

### Officers

Peter R. Mathewson, Chairman; President; Chief Executive Officer; Subsidiary Officer  
Robert J. Cierzan, Senior Vice President - Composite Materials; Secretary

Scott M. Bier, Vice President - Finance; Chief Financial Officer; Treasurer  
Michael J. Rossi, Subsidiary Officer

### Directors

Peter R. Mathewson  
Bryant R. Riley  
Michael J. Sheldon

Thomas A. Brand  
Andrew M. Leitch

**Auditors:** Mayer Hoffman McCann P.C.

**Shareholder Relations:** Scott Bier, Vice President & Chief Financial Officer Tel.: 858-513-1801

**No. of Stockholders:** Dec. 31, 2009, 293

**No. of Employees:** Jan. 17, 2010, 1,310

**Address:** 14145 Danielson Street, Suite B, Poway, CA 92064 Tel.: 858 513-1801 Fax: 858 513-1870 E-mail: sbier@aldila.com Web: www.aldila.com

**Consolidated Income Account, years ended Dec. 31 (\$000):**

	2008	2007	2006
		(revised)	(revised)
Net sales	53,606	69,146	72,370
Cost of sales	44,040	49,181	48,087
Gross profit	9,566	19,965	24,283
Selling, gen & admin	13,173	12,256	10,731
Oper income (loss)	(3,607)	7,709	13,552
Int inc	308	910	714
Int exp	284		
Gain on sale of jt venture		16,334	
Other income			
Int exp, net	179	(22)	2,148
Eq in earn of jt venture		435	407
Income (loss) bef inc tax	(3,404)	25,366	16,821
Curr fed inc taxes (benefit)	(1,048)	7,512	4,706
Curr state inc taxes (benefit)	(275)	1,621	627
Curr fgn inc taxes (benefit)	147	48	356
Tot curr inc taxes (benefit)	(1,176)	9,181	5,689
Defer fed inc taxes (benefit)	593	277	(99)
Defer state inc taxes (benefit)	(318)	(45)	(6)
Tot defer inc taxes (benefit)	275	232	(104)
Provision (benefit) for inc tax	(901)	9,413	5,585
<b>Net income (loss)</b>	<b>(2,503)</b>	<b>15,953</b>	<b>11,236</b>
Common shares (000):			
Weigh avg shares outstg-basic	5,162	5,433	5,518
Weigh avg shares outstg-diluted	5,162	5,485	5,591
Yr end shares outstg	5,174	5,154	5,524
Net income (loss) per sh-basic	\$(0.48)	\$2.94	\$2.04
Net income (loss) per sh-diluted	\$(0.48)	\$2.91	\$2.01
No of full time employees	1,303	1,399	1,366

No of temp employees	5	13	32
Tot no of employees	1,308	1,412	1,398
No of com stkhldrs	144	152	167
[1] Reclassified to conform with 2007 presentation [2] As reported by Company [3] As is [4] Approximately [5] As of March 9, 2007 [6] As of March 12, 2009 [7] As of March 12, 2008			

### Consolidated Balance Sheet, as of Dec. 31 (\$000):

	2008	2007
		(revised)
<b>Assets:</b>		
Cash & cash equivs	6,157	29,529
Trade accts receivable, gross	6,470	8,725
Less: allow for doubtful accts	63	41
Accts receivable, net	6,407	8,684
Inc tax receiv	2,272	
Raw mater	7,970	9,429
Work-in-process	424	918
Finished goods	3,189	3,514
Invent	11,583	13,861
Defer tax assets	809	1,521
Ppd exps & other curr assets	484	578
Tot curr assets	27,712	54,173
Mach & equip	20,233	17,632
Office furn & equip	1,938	1,924
Lsehd improve	10,692	9,902
Bldg & land	2,870	2,837
Prop & equip not yet in serv	487	3,130
Prop plt & equipment, gross	36,220	35,425
Less: accum deprec & amort	23,431	22,117
Prop plt & equipment, net	12,789	13,308
Defer tax	1,187	750
Other non-curr assets	244	257
Tot assets	41,932	68,488
<b>Liabilities:</b>		
Accts pay	3,420	4,758
Inc tax pay		4,266
Accrued payroll & empl benefits	1,811	1,778
Accrued warranty reserve	110	135
Accrued legal & professional fees		12
Due to SGL		327
Other accrued exps	386	312
Accrued exps	2,307	2,564
Revolving line of cr	4,000	
Curr port of long-term debt	1,000	
Short term debt	5,000	
Other curr liabil	117	137
Tot curr liabil	10,844	11,725
Defer rent	153	170
Long term debt	3,167	
Other long-term liabil	1,508	827

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Tot liabil . . . . .	15,672	12,722
Com stk . . . . .	52	51
Addit paid-in cap . . . . .	44,121	43,702
Retain earnings (accum deficit) . . . . .	(17,913)	12,013
Tot stkhlders eq . . . . .	26,260	55,766

**Debt:** Dec. 31, 2008, \$4,167,000 (including current portion of \$1,000,000) term loan, bearing interest rate of LIBOR plus 1.75% (with interest rate of 3.62% as of Dec. 31, 2008), maturing on Feb. 8, 2013.

**Line of Credit:** Co. has borrowed \$4,000,000 against the Revolver as of Dec. 31, 2008, with \$2,500,000 maturing on Jan. 6, 2009 at an interest rate of 3.25% and \$1,500,000 maturing on Feb. 28, 2009 at an interest rate of 3.93%. The weighted average interest rate of Co.'s short term borrowings is 3.51%. Co. must pay a 0.25% commitment fee for the average unused portion of the

Revolver for any given period. On Jan. 6, 2009, Co. paid the \$2,500,000 against the Revolver, which matured on such date and on Feb. 27, 2009 Co. paid \$1,500,000 against the Revolver.

**Capital Stock: 1. Aldila, Inc. common; par \$0.01.**  
 AUTH —30,000,000 shs.  
 OUTSTG —Dec. 31, 2008 5,127,183 shs; par \$0.01.  
 STOCK SPLITS —\$0.01 par shares split 2-for-1 Feb. 22, 1994; 1-for-3 reverse split June 4, 2002.  
 VOTING RIGHTS —Entitled to one vote per share.  
 DIVIDENDS PAID —  
 2004 . . . . . 0.15 2005 . . . . . 2.45 2006-2007 . 0.60  
 2008 . . . . . 5.30  
 OPTIONS —Dec. 31, 2008, outstanding, 155,202; reserved for options, 1,366,667; restricted, 57,651.  
 TRANSFER AGENT —American Stock Transfer and Trust Company, New York, NY

LISTED —NASDAQ National Market System (NMS): ALDA  
 PRICE RANGE —

	2009	2008	2007	2006
High . . . . .	5.95	17.65	19.70	35.60
Low . . . . .	2.20	2.14	14.40	13.56

OFFERED —(2,300,000 shares) at \$14 per share (proceeds to Co., \$13.02 per share) on June 8, 1993 through Alex. Brown & Sons, Inc., William Blair & Company and associates. Offering contained an additional 345,000 shares to cover over-allotments. Proceeds will be used to repay senior indebtedness.  
 (2,500,000 shares) at \$30.75 per share on Oct. 22, 1993 through Alex. Brown & Sons Inc., William Blair & Co. and associates. Offering contained an additional 375,000 shares to cover over-allotments.