

United States  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark one)  
 QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 333-123598

**J.B. POINDEXTER & CO., INC.**

(Exact name of registrant as specified in its charter)

Delaware 76-0312814

(State or other jurisdiction of (I.R.S. Employer Identification No.) incorporation or organization)

**600 Travis**

**Suite 200**

**Houston, Texas**

77002

(Address of principal executive offices)

(Zip code)

713-655-9800

(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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for shorter period that the registrant was required to submit and post such files.) Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check One): Large Accelerated Filer:  Accelerated Filer:  Non-accelerated Filer  Smaller Reporting Company:

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

There were 3,059 shares of Common Stock, \$.01 par value, of the registrant outstanding as of May 17, 2010.

## PART I. FINANCIAL INFORMATION

### Item 1. Financial Statements

#### J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (Dollars in thousands)

	March 31, 2010	December 31, 2009
<b>Assets</b>	<i>(Unaudited)</i>	
Current assets		
Cash and cash equivalents .....	\$ 41,446	\$ 54,176
Accounts receivable, net.....	46,537	34,982
Inventories, net .....	54,300	52,718
Deferred income taxes .....	1,373	1,368
Income tax receivable.....	7,633	6,356
Prepaid expenses and other .....	3,340	2,590
Total current assets.....	154,629	152,190
Property, plant and equipment, net.....	69,063	70,073
Goodwill.....	35,000	35,000
Intangible assets, net.....	15,493	15,836
Other assets.....	12,857	12,865
Total assets .....	\$287,042	\$285,964
<b>Liabilities and stockholder's equity</b>		
Current liabilities		
Current portion of long-term debt.....	\$ 2,268	\$ 2,259
Borrowings under revolving credit facility.....	—	38
Accounts payable .....	32,117	27,661
Accrued compensation and benefits .....	9,102	6,431
Other accrued liabilities .....	12,583	16,420
Total current liabilities.....	56,070	52,809
Noncurrent liabilities		
Long-term debt, less current portion.....	202,372	202,935
Deferred income taxes .....	3,797	3,818
Employee benefit obligations and other .....	6,736	6,966
Total noncurrent liabilities .....	212,905	213,719
Stockholder's equity		
Common stock, par value \$0.01 per share (3,059 shares issued and outstanding) .....	—	—
Capital in excess of par value of stock.....	19,486	19,486
Accumulated other comprehensive income.....	536	290
Accumulated deficit.....	(1,955)	(340)
Total stockholder's equity .....	18,067	19,436
Total liabilities and stockholder's equity.....	\$287,042	\$285,964

The accompanying notes are an integral part of these condensed consolidated financial statements.

**J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS**  
**(ACCUMULATED DEFICIT) (Unaudited)**  
**(Dollars in thousands)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Net sales .....	\$ 133,344	\$ 139,671
Cost of sales .....	117,604	120,902
Gross profit .....	15,740	18,769
Selling, general and administrative expenses .....	13,947	14,376
Gain on repurchase of 8.75% Notes .....	—	(186)
Other income.....	(16)	(95)
Operating income.....	1,809	4,674
Interest expense.....	4,417	4,542
Interest income.....	(11)	(87)
Income (loss) before income taxes.....	(2,597)	219
Income tax provision (benefit).....	(982)	334
Net loss.....	(1,615)	(115)
Retained earnings (accumulated deficit) at beginning of period .....	(340)	4,556
Retained earnings (accumulated deficit) at end of period .....	\$ (1,955)	\$ 4,441

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
**(Dollars in thousands)**

	<b>For the Three Months Ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash flows from operating activities:</b>		
Net loss .....	\$ (1,615)	\$ (115)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization .....	4,090	4,342
Amortization of debt issuance costs .....	140	164
Gain on redemption of 8.75% Notes .....	—	(186)
Provision for excess and obsolete inventory .....	75	7
Provision for doubtful accounts receivable .....	(15)	(7)
Deferred income tax provision .....	(25)	(2)
Other .....	(13)	(277)
<b>Change in assets and liabilities:</b>		
Accounts receivable .....	(11,513)	(2,043)
Inventories .....	(1,658)	3,894
Income tax receivable .....	(1,249)	234
Prepaid expenses and other .....	(858)	440
Accounts payable .....	4,447	(3,381)
Accrued interest .....	(4,375)	(4,375)
Other accrued liabilities .....	2,735	(1,182)
Net cash used in operating activities .....	<u>(9,834)</u>	<u>(2,487)</u>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment .....	(2,543)	(3,319)
Other .....	144	17
Net cash used in investing activities .....	<u>(2,399)</u>	<u>(3,302)</u>
<b>Cash flows from financing activities:</b>		
Payments of long-term debt and capital leases .....	(494)	(792)
Net payments on revolving credit facility .....	(38)	(386)
Net cash used in financing activities .....	<u>(532)</u>	<u>(1,178)</u>
Effect of exchange rate on cash .....	35	(95)
Change in cash and cash equivalents .....	(12,730)	(7,062)
Cash and cash equivalents at beginning of period .....	54,176	36,251
Cash and cash equivalents at end of period .....	<u>\$ 41,446</u>	<u>\$ 29,189</u>

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

## J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES

**(1) Organization and Business.** J.B. Poindexter & Co., Inc. (“JBPCO”) and its subsidiaries (the “Subsidiaries” and together with JBPCO, the “Company”) operate manufacturing businesses principally in North America. JBPCO is owned and controlled by John Poindexter.

**(2) Basis of Presentation and Opinion of Management.** The accompanying interim condensed consolidated financial statements included herein have been prepared by the Company, without audit, following the rules and regulations of the Securities and Exchange Commission. In the opinion of management, the information furnished reflects all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of the interim periods. The December 31, 2009 condensed consolidated balance sheet data was derived from audited financial statements. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been condensed or omitted following such rules and regulations. However, the Company believes that the disclosures are adequate to make the information presented understandable. Operating results for the three-month period ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ended December 31, 2010. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2009 filed with the Securities and Exchange Commission on March 31, 2010 on Form 10-K.

### (3) Segment Data

The following is a summary of the business segment data:

	For the three months ended March 31,	
	2010	2009
Net Sales		
Morgan .....	\$ 44,633	\$ 45,072
Morgan Olson .....	26,811	16,844
Truck Accessories .....	30,440	27,542
Specialty Manufacturing .....	31,990	50,413
Eliminations .....	(530)	(200)
Net Sales .....	<u>\$133,344</u>	<u>\$139,671</u>
Operating Income (Loss)		
Morgan .....	\$ 628	\$ 208
Morgan Olson .....	1,721	(150)
Truck Accessories .....	2,407	693
Specialty Manufacturing .....	(1,318)	5,565
JBPCO (Corporate) .....	(1,629)	(1,642)
Operating Income .....	<u>\$ 1,809</u>	<u>\$ 4,674</u>
	<b>March 31,</b>	<b>December 31,</b>
Total Assets as of:	<b>2010</b>	<b>2009</b>
Morgan .....	\$ 50,123	\$ 39,819
Morgan Olson .....	22,980	19,311
Truck Accessories .....	60,472	58,371
Specialty Manufacturing .....	109,967	112,712
JBPCO (Corporate) .....	43,500	55,751
Total Assets .....	<u>\$287,042</u>	<u>\$285,964</u>

Morgan has two customers (truck leasing and rental companies) that together accounted for approximately 59% and 60% of Morgan’s net sales during each of the three months ended March 31, 2010 and 2009, respectively. Accounts receivable from these customers totaled \$8,474 and \$2,816 at March 31, 2010 and December 31, 2009, respectively. Specialty Manufacturing has two customers in the international oilfield service industry that accounted for approximately 31% and 48% of Specialty Manufacturing’s net sales during each of the three months ended March 31, 2010 and 2009, respectively. Accounts receivable from these customers totaled \$4,958 and \$4,882 at March 31, 2010 and December 31, 2009, respectively.

**J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES**

**(4) Comprehensive Loss**

The components of comprehensive loss were as follows:

	<b>For the three months ended March 31,</b>	
	<b>2010</b>	<b>2009</b>
Net loss .....	\$ (1,615)	\$ (115)
Foreign currency translation income (loss) .....	246	(131)
Increase in underfunded defined benefit plan .....	—	(125)
<b>Comprehensive loss .....</b>	<b>\$ (1,369)</b>	<b>\$ (371)</b>

**(5) Inventories**

Consolidated inventories, net, consisted of the following:

	<b>March 31, 2010</b>	<b>December 31, 2009</b>
Raw materials .....	\$26,687	\$24,946
Work in process .....	16,523	14,894
Finished goods .....	11,090	12,878
<b>Total inventories .....</b>	<b>\$54,300</b>	<b>\$52,718</b>

**(6) Long-Term Debt**

The fair value of the Company’s 8.75% Notes is determined under the Financial Accounting Standards Board (“FASB”) guidance on fair value measurements that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. As of March 31, 2010 and 2009, the Company had \$198,800 of 8.75% Notes, long-term debt outstanding, with estimated fair values of approximately \$174,400 and \$118,000, based upon its traded values at March 31, 2010 and 2009, respectively. The estimated fair values are measured using Level 1 inputs which are described as quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

**(7) Supplemental Cash Flow Information**

The supplemental cash flow information for the three months ended March 31, 2010 and 2009 was as follows:

	<b>2010</b>	<b>2009</b>
Cash paid for interest .....	\$8,824	\$8,909
Cash paid for income taxes .....	267	44
Non-cash investing and financing activities:		
Capital lease obligations for machinery and equipment .....	—	—

**(8) Income Taxes**

The income tax provision for the periods ended March 31, 2010 and 2009 was recorded based on the Company’s estimated annual effective tax rate.

The Company reports a liability for tax positions taken that will more likely than not result in additional tax payments in the event of examination by the federal, state or foreign taxing jurisdictions in which the Company operates (“uncertain tax positions”) and classifies related interest and penalties on late payment of taxes as income tax expense in the financial statements. The total amount of accrued interest and penalties related to these tax positions was \$527 at March 31, 2010 and \$543 at March 31, 2009. This decrease was mainly due to lapses of statutes of limitations on certain filings.

## J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES

The Company is subject to U.S. federal income tax as well as income tax in Canada and multiple state jurisdictions. The Company has concluded substantially all U.S. federal income tax matters for years through 2004. Substantially all material state and local income tax matters have been concluded for fiscal years through 2004. Currently, the Company is under audit by Revenue Canada for tax years 2001 through 2006 and is being audited by the Internal Revenue Service for 2006. The Company has provided for all known potential exposures for those examinations.

### **(9) Contingencies**

*Claims and Lawsuits.* The Company is involved in certain claims and lawsuits arising in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position or results of operations of the Company.

*Letters of Credit and Other Commitments.* The Company had \$1,358 in standby letters of credit outstanding at March 31, 2010 and December 31, 2009, primarily securing the Company's chassis bailment pool program at Morgan.

*Environmental Matters.* The Company's operations are subject to a variety of federal, state and local environmental and health and safety statutes and regulations, including those relating to emissions to the air, discharges to water, treatment, storage and disposal of waste, and remediation of contaminated sites. In certain cases, these requirements may limit the productive capacity of its operations. Certain laws, including the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, impose strict and, under certain circumstances, joint and several liability for costs to remediate contaminated sites upon designated responsible parties including site owners or operators and persons who dispose of wastes at, or transport wastes to, such sites. Some of the Company's operations also require permits which may restrict its activities and which are subject to renewal, modification or revocation by issuing authorities. In addition, the Company generates nonhazardous wastes, which are also subject to regulation under applicable environmental laws.

From time to time, the Company has received notices of noncompliance with respect to its operations, which typically have been resolved by investigating the alleged noncompliance, correcting any noncompliant conditions and paying fines, none of which individually or in the aggregate has had a material adverse effect on the Company. The Company cannot ensure that it has been or will be at all times in compliance with all of these requirements, including those related to reporting or permit restrictions, or that it will not incur material fines, penalties, costs or liabilities in connection with such requirements or a failure to comply with them. Additionally, the Company expects that the nature of its operations will continue to make it subject to increasingly stringent environmental regulatory standards. Although the Company believes it has made sufficient capital expenditures to maintain compliance with existing laws and regulations, future expenditures may be necessary as compliance standards and technology change or as unanticipated circumstances arise. Unforeseen and significant expenditures required to comply with new or more aggressively enforced requirements or newly discovered conditions could limit expansion or otherwise have a material adverse effect on the Company's business and financial condition.

In February 2009, Morgan Olson voluntarily reported to the Environmental Protection Agency ("USEPA") potential noncompliance with the reporting requirements applicable to certain chemicals under the Federal Emergency Planning and Community Right-to-know Act ("EPCRA"). In March 2009, Morgan Olson filed with the USEPA additional EPCRA reports for certain chemicals and modified previously filed EPCRA reports for other chemicals used in operations during calendar years 2004 through 2007. In a letter dated April 9, 2010, USEPA has determined that Morgan Olson complied with all of the criteria of the Incentives for Self-Policing: Discovery, Disclosure, Correction and Prevention of Violations and will not be assessed a penalty.

In July 2005, Morgan notified the USEPA that it was investigating its compliance with the filing requirements of Section 313 of the EPCRA, and regulations promulgated thereunder. All necessary reports were completed and filed with the USEPA by August 31, 2005. A letter from the USEPA requesting additional information was received in December 2006 and a response submitted. Action by the USEPA is probable and the financial impact of such enforcement action, if any, cannot be estimated but could be material.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**Overview**

The discussion under this caption updates the information set forth in our 2009 annual report filed on Form 10-K in Item 7 under the caption "Overview." For a complete overview, please refer to that section.

**Results of Operations**

**Three months ended March 31, 2010 Compared to Three months ended March 31, 2009 (Unaudited)**

**Sales.** Our consolidated net sales decreased \$6.4 million, or 4.5%, to \$133.3 million for the quarter ended March 31, 2010 compared to \$139.7 million for the quarter ended March 31, 2009.

- Morgan's net sales decreased \$0.5 million, or 1.0%, to \$44.6 million compared to \$45.1 million for the prior period. Demand for Morgan truck bodies continued to remain weak as unit shipments declined 4.2% compared to last year. The average unit price per truck body increased 3.5% as a result of product mix from the sale of larger, higher priced units in the current period. Sales of commercial rental units was \$9.2 million compared to \$0.3 million in the prior period on a 19.6% increase in average unit price offset by an \$8.1million, or 24.6%, decrease in retail sales and a \$1.6 million, or 17.8%, decline in consumer rental sales. Parts and service sales remained flat at \$2.3 million for both periods. Sales of personal storage units, which were introduced in the second half of 2009, were \$0.4 million.
- Morgan Olson's net sales increased \$10.0 million, or 59.2%, to \$26.8 million compared to \$16.8 million in the prior period. Sales of step vans increased \$11.6 million, or 101.5%, on a 101.8% increase in unit shipments in the current period as the average price of a step van remained flat compared to prior year. The increase was primarily in retail sales (sales to dealers and distributors) which increased \$13.6 million. Parts and service sales decreased \$1.6 million, or 31.4%, to \$3.4 million compared to \$5.0 million in the prior period.
- Truck Accessories' net sales increased \$2.9 million, or 10.5%, to \$30.4 million compared to \$27.5 million for the prior period. Pickup truck cap and tonneau cover sales increased 9.0% to \$27.9 million compared to \$25.6 million last year as new pickup truck sales in the United States increased 6.8% from the prior year. Sales of windows and door components increased \$0.4 million, or 20.0%, to \$2.4 million compared to \$2.0 million in the prior period.
- Specialty Manufacturing's net sales decreased \$18.4 million, or 36.5%, to \$32.0 million compared to \$50.4 million for the prior period. Net sales related to the energy services business, which represented 49.3% of Specialty Manufacturing's sales compared to 70.5% for the prior period, decreased \$19.8 million, or 55.7%, as the end of the prior quarter was the beginning of a sharp decline in the energy sector which has continued through this quarter. Non-energy-related sales increased by \$1.4 million, or 9.1%, to \$16.2 million primarily due to a \$1.6 million increase in sales at the plastics-based packaging business.

**Backlog.** Consolidated backlog was \$150.8 million as of March 31, 2010 compared to \$149.9 million at December 31, 2009 and \$100.6 million as of March 31, 2009.

- Morgan's backlog was \$63.4 million at March 31, 2010 compared to \$73.1 million at December 31, 2009 and \$35.8 million at March 31, 2009. The increase in backlog compared to the prior period was due primarily to an \$9.5 million, or 120.0%, increase in commercial rental orders and an \$8.9 million, or 112.7%, increase in consumer rental orders.
- Morgan Olson's backlog was \$33.1 million at March 31, 2010 compared to \$38.1 million at December 31, 2009 and \$12.1 million at March 31, 2009. The increase in backlog was due to a \$21.5 million increase in fleet orders from United Parcel Service of America, Inc..
- Truck Accessories' backlog was \$2.3 million at March 31, 2010 compared to \$2.6 million at December 31, 2009 and \$2.4 million as of March 31, 2009. Production consists primarily of made to order units and the backlog represents approximately two weeks of production.

## J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES

- Specialty Manufacturing's backlog at March 31, 2010 was \$52.0 million compared to \$36.1 million at December 31, 2009 and \$50.3 million at March 31, 2009.

**Cost of sales and gross profit.** Our consolidated cost of sales decreased by \$3.3 million, or 2.7%, to \$117.6 million for the quarter ended March 31, 2010 compared to \$120.9 million for the quarter ended March 31, 2009. Consolidated gross profit decreased \$3.1 million, or 16.1%, to \$15.7 million (11.8% of net sales) for the quarter ended March 31, 2010 compared to \$18.8 million (13.4% of net sales) last year. Material, labor and overhead costs were 48.7%, 13.3% and 26.2% of net sales, respectively, for the current period compared to 47.5%, 14.5% and 23.6%, respectively, in the prior period.

- Morgan's gross profit increased by \$0.1 million, or 1.7%, to \$3.9 million (8.7% of its net sales) compared to \$3.8 million (8.5% of its net sales) for the prior period. The improvement in gross profit margin was a result of material cost management on flat sales.
- Morgan Olson's gross profit increased by \$1.9 million, or 146.4%, to \$3.2 million (11.8% of its net sales) compared to \$1.3 million (7.6% of its net sales) for the prior period. The increase in gross profit margin was a result of increased absorption of overhead costs from increased sales.
- Truck Accessories' gross profit increased by \$2.4 million, or 70.0%, to \$5.8 million (19.2% of its net sales) compared to \$3.4 million (12.5% of its net sales) for the prior period. The increase in gross profit margin was a result of ongoing improvements in labor productivity and materials management. Overhead costs as a percentage of net sales decreased as a result of the increase in sales volume and management's aggressive cost reduction efforts.
- Specialty Manufacturing's gross profit decreased \$7.4 million, or 72.4%, to \$2.8 million (8.9% of its net sales) compared to \$10.2 million (20.2% of its net sales) for the prior period. The decrease was due to a \$7.8 million, or 85.1%, decline in gross profit at the energy-related business and a \$0.3 million, or 38.9%, decline at Specialty Vehicle Group due to lower absorption of overhead on lower production volumes. Gross profit at the plastics-based packaging business increased \$0.8 million, or 247.6%, due primarily to effective material cost control.

**Selling, general and administrative expenses.** Our consolidated selling, general and administrative expenses decreased \$0.5 million, or 3.3%, to \$13.9 million (10.5% of net sales) for the quarter ended March 31, 2010 compared to \$14.4 million (10.3% of net sales) for the quarter ended March 31, 2009.

- Morgan's selling, general and administrative expenses decreased \$0.4 million, or 11.3%, to \$3.3 million (7.4% of its net sales) compared to \$3.7 million (8.2% of its net sales) for the prior period. Expenses declined due primarily to a 9.3% decrease in personnel compared to the prior year.
- Morgan Olson's selling, general and administrative expenses remained flat at \$1.4 million, which was 5.4% and 8.5% of its net sales for the current and prior period, respectively.
- Truck Accessories' selling, general and administrative expenses increased by \$0.7 million, or 25.4%, to \$3.5 million (11.3% of its net sales) from \$2.8 million (10.0% of its net sales) for the prior period. The increase was primarily due to higher management incentive bonuses, workers compensation and group insurance costs.
- Specialty Manufacturing's selling, general and administrative expenses decreased by \$0.6 million, or 12.0%, to \$4.1 million (12.8% of its net sales) compared to \$4.7 million (9.3% of its net sales) for the prior period due. The decrease was due to a 14.5% personnel reduction primarily at Specialty Vehicle Group as a result of the consolidation of its two funeral and limousine manufacturing operations.
- Corporate selling, general and administrative expenses during the first quarter of 2010 decreased by \$0.2 million, or 11.0%, to \$1.6 million from \$1.8 million for the prior period.

**Operating income.** Due to the effect of the factors summarized above, consolidated operating income decreased by \$2.9 million, or 60.7%, to \$1.8 million (1.4% of net sales) for the quarter ended March 31, 2010 from \$4.7 million (3.3% of net sales) for the quarter ended March 31, 2009.

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- Morgan's operating income increased by \$0.4 million to \$0.6 million (1.4% of its net sales) compared to \$0.2 million (0.5% of its net sales) for the prior period.
- Morgan Olson's operating income increased by \$1.8 million to \$1.7 million (6.4% of its net sales) compared to a loss of \$0.1 million for the prior period.
- Truck Accessories' operating income increased by \$1.7 million to \$2.4 million (7.9% of its net sales) compared to \$0.7 million (2.5% of its net sales) for the prior period.
- Specialty Manufacturing's operating income decreased by \$6.9 million, or 123.7%, to a loss of \$1.3 million compared to income of \$5.6 million (11.0% of its net sales) for the prior period.
- Corporate expenses remained flat for the quarters ended March 31, 2010 and 2009 at \$1.6 million.

**Interest expense.** Consolidated interest expense was \$4.4 million, or 3.3% of net sales, compared to \$4.5 million, or 3.3% of net sales, for the quarters ended March 31, 2010 and 2009, respectively.

**Income taxes.** The effective income tax rate differed from the statutory rate for the three months ended March 31, 2010 primarily because of state taxes and our inability to record tax benefits on our Canadian losses.

We record a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. During the quarters ended March 31, 2010 and 2009, we incurred Canadian pretax losses of \$38,000 and \$0.3 million respectively and recorded an increase in the valuation allowance against the deferred tax asset related to those losses of \$12,000 and \$0.1 million respectively. While we have considered future taxable income and ongoing prudent and feasible tax planning strategies in assessing the need for the valuation allowance, should we determine that it is more likely than not to be able to realize the deferred tax assets in the future in excess of the net recorded amount, a reduction in the valuation allowance would increase income in the period such determination was made. Likewise, should we determine that it is more likely than not to be unable to realize all or part of the net deferred tax asset in the future, an increase to the valuation allowance would reduce income in the period such determination was made.

### Liquidity and Capital Resources

Working capital at March 31, 2010 was \$98.6 million, which includes \$41.4 million in cash and cash equivalents, compared to \$99.4 million at December 31, 2009. Excluding cash and cash equivalents, working capital increased \$11.9 million. Average days sales outstanding in receivables at March 31, 2010 were approximately 32 compared to 30 at March 31, 2009 and inventory turns were approximately 9 at March 31, 2010 and 8 at March 31, 2009. We continue to take advantage of purchase discounts as appropriate and focus on the management of working capital as a critical component of our cash flow.

**Operating cash flows.** Operating activities during the three months ended March 31, 2010 used cash of \$9.8 million compared to cash used of \$2.5 million during the three months ended March 31, 2009. The increase in net cash used in operating activities was primarily related to accounts receivables at Morgan Olson as a result of increased sales and a single large customer with a \$2.1 million outstanding balance that has been fully collected.

**Investing cash flows.** Net cash used in investing activities was \$2.4 million for the three months ended March 31, 2010 compared to \$3.3 million for the three months ended March 31, 2009. Investing activities for the quarter were for capital expenditures of \$2.5 million which consisted of machinery and equipment at Specialty Manufacturing and a Companywide Enterprise Resource Planning project.

**Financing cash flows.** Financing activities during the three months ended March 31, 2010 used cash of \$0.5 million compared to cash used of \$1.2 million for the three months ended March 31, 2009. During the first quarter of 2009, the Company paid \$0.4 million on borrowings on the Revolving Credit facility.

**Long-term debt.** At March 31, 2010, the Consolidated Coverage Ratio, as defined in the indenture relating to our 8.75% Notes, was 1.4 to 1.0. As a result of the decline to below 2.0 to 1.0, we are limited in our ability to incur additional indebtedness. The Indenture Agreement permits certain exceptions with respect to capitalized lease obligations and other arrangements that are

## J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES

incurred for the purpose of financing all or part of the purchase price or cost of construction or improvements of property used in our business. Already existing obligations and any amounts available to be drawn on our existing revolving credit agreement are not subject to this limitation. Our Revolving Credit Facility, which was extended through March 15, 2011 and automatically renews for a 12-month period after March 15 of each year unless notice is provided at least 90 days prior to expiration by either party, and Indenture restrict our ability to incur debt, pay dividends and undertake certain corporate activities. We are in compliance with the terms of the Revolving Credit Facility and the Indenture. Based upon our borrowing base, we had approximately \$47.2 million of availability under our Revolving Credit Facility at March 31, 2010.

We believe that we will have adequate resources to meet our working capital and capital expenditure requirements consistent with past trends and practices for at least the next 12 months. We believe that our cash and borrowing availability under the Revolving Credit Facility will satisfy our cash requirements for the coming year given our anticipated capital expenditures, working capital requirements and known obligations. Our ability to make payments on our debt, including the 8.75% Notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This is subject to general economic conditions, other factors influencing the industries in which we operate and circumstances that are beyond our control. There is no certainty that we will generate sufficient cash flows, and, if we do not generate sufficient cash flows, we may have to engage in other activities such as the sale of assets to meet our cash requirements. We may not be able to refinance any of our debt as it matures or take other actions to generate the necessary cash to pay our debt on commercially reasonable terms or at all. Furthermore, one of our strategies is to pursue acquisitions. Any future acquisition or similar transaction may require additional capital, which may not be available to us.

### **Critical Accounting Policies**

There were no material changes in critical accounting policies during the three months ended March 31, 2010.

### **Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995**

Forward-looking statements in this report, including, without limitation, statements relating to the Company's plans, strategies, objectives, expectations, intentions and adequacy of resources, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties including, without limitation, the following: (1) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (2) other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission.

### **Item 3. *Quantitative and Qualitative Disclosures About Market Risks***

The Company is subject to certain market risks, including interest rate risk and foreign currency risk. The adverse effects of potential changes in these market risks are discussed below.

#### **Interest Rates**

As of March 31, 2010, the Company had \$198.8 million of 8.75% Notes, long-term debt, outstanding, with an estimated fair value of approximately \$174.4 million based upon their traded value at March 31, 2010. Market risk, estimated as the potential increase in fair value resulting from a hypothetical 1.0% decrease in interest rates, was approximately \$7.2 million as of March 31, 2010.

#### **Foreign Currency**

Morgan has a manufacturing plant in Canada and the functional currency of the Canadian operation is the Canadian dollar. The Company does not currently employ risk management techniques to manage this potential exposure to foreign currency fluctuations.

### **Item 4. *Controls and Procedures***

Pursuant to Section 302 of the Sarbanes-Oxley Act and Rule 13a-15(e) of the Securities Exchange Act of 1934 ("Exchange Act") promulgated thereunder, the Company's chief executive officer and chief financial officer have evaluated the

## J.B. POINDEXTER & CO., INC. AND SUBSIDIARIES

effectiveness of its disclosure controls and procedures as of the end of the period covered by this report (the “Evaluation Date”).

Based on such evaluation, the Company’s chief executive officer and chief financial officer have concluded that its disclosure controls and procedures were effective as of the Evaluation Date to ensure that information required to be disclosed in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the required time periods.

### **PART II. OTHER INFORMATION**

#### **Item 1. *Legal Proceedings***

The Company is involved in certain claims and lawsuits arising in the normal course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the financial position or results of operations of the Company.

#### **Item 1A. *Risk Factors***

There have been no material changes to the factors disclosed in Item 1A. Risk Factors are included in our Annual Report on Form 10-K for the year ended December 31, 2009.

#### **Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.***

None.

#### **Item 3. *Defaults Upon Senior Securities***

None.

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

None.

#### **Item 5. *Other Information***

None.

#### **Item 6. *Exhibits***

(e) 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

(f) 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

## **SIGNATURES**

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.

**J.B. POINDEXTER & CO., INC.**  
(Registrant)

Date: May 17, 2010

By: /s/ David Kay  
David Kay, Chief Financial Officer

## EXHIBIT 31.1

I, John B. Poindexter, Chairman of the Board, President and Chief Executive Officer of J.B. Poindexter & Co., Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of J.B. Poindexter & Co., Inc. and Subsidiaries (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - c. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: May 17, 2010

/s/ John B. Poindexter

Name: John B. Poindexter

Title: Chairman, President & Chief Executive Officer

EXHIBIT 31.2

I, David Kay, Chief Financial Officer of J.B. Poindexter & Co., Inc., certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of J.B. Poindexter & Co., Inc. and Subsidiaries (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report, based on such evaluation; and
  - c. disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls over financial reporting.

Date: May 17, 2010

/s/ David Kay

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Name: David Kay  
Title: Chief Financial Officer