

M I HOMES INC  
Form 10-Q  
July 30, 2010

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2010

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (D) OF THE SECURITIES  
ACT OF 1934

Commission File Number 1-12434

M/I HOMES, INC.  
(Exact name of registrant as specified in its charter)

Ohio  
(State or other jurisdiction of  
incorporation or organization)

31-1210837  
(I.R.S. Employer  
Identification No.)

3 Easton Oval, Suite 500, Columbus, Ohio  
43219  
(Address of principal executive offices) (Zip  
Code)

(614) 418-8000  
(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 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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such 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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated  
filer

Accelerated filer

Non-accelerated filer  
(Do not check if a smaller reporting company)

Smaller reporting  
company

Indicate by check mark whether the registrant is a shell company (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.

Common shares, par value \$.01 per share: 18,523,335 shares outstanding as of July 27, 2010

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M/I HOMES, INC.  
FORM 10-Q

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M/I HOMES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2010	December 31, 2009
(Dollars in thousands, except par values)	(Unaudited)	
<b>ASSETS:</b>		
Cash	\$ 81,602	\$ 109,930
Restricted cash	47,071	22,302
Mortgage loans held for sale	51,944	34,978
Inventory	433,248	420,289
Property and equipment - net	17,778	18,998
Investment in unconsolidated limited liability companies	10,569	10,299
Income tax receivable	4,450	30,135
Other assets	18,494	16,897
<b>TOTAL ASSETS</b>	<b>\$ 665,156</b>	<b>\$ 663,828</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES:</b>		
Accounts payable	\$ 48,376	\$ 38,262
Customer deposits	4,490	3,831
Other liabilities	50,009	56,426
Community development district obligations	7,575	8,204
Obligation for consolidated inventory not owned	-	616
Note payable bank - financial services operations	33,911	24,142
Note payable - other	6,010	6,160
Senior notes - net of discount of \$448 and \$576, respectively, at June 30, 2010 and December 31, 2009	199,552	199,424
<b>TOTAL LIABILITIES</b>	<b>349,923</b>	<b>337,065</b>
Commitments and contingencies	-	-
<b>SHAREHOLDERS' EQUITY:</b>		
Preferred shares - \$.01 par value; authorized 2,000,000 shares; issued 4,000 shares	96,325	96,325
Common shares - \$.01 par value; authorized 38,000,000 shares; issued 22,101,723 shares at June 30, 2010 and December 31, 2009	221	221
Additional paid-in capital	139,055	137,492
Retained earnings	150,705	163,847
Treasury shares - at cost - 3,578,504 and 3,580,987 shares, respectively, at June 30, 2010 and December 31, 2009	(71,073)	(71,122)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>315,233</b>	<b>326,763</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 665,156</b>	<b>\$ 663,828</b>

See Notes to Unaudited Condensed Consolidated Financial Statements.



M/I HOMES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2010 (Unaudited)	2009 (Unaudited)	2010 (Unaudited)	2009 (Unaudited)
Revenue	\$ 196,404	\$ 116,146	\$ 315,793	\$ 212,295
Costs, expenses and other loss:				
Land and housing	165,063	101,598	264,371	189,513
Impairment of inventory and investment in unconsolidated limited liability companies	6,294	6,576	9,410	17,522
General and administrative	13,561	16,415	26,453	28,417
Selling	14,153	9,629	24,747	18,738
Interest	2,079	1,811	4,220	5,007
Other loss	-	-	-	941
Total costs, expenses and other loss	201,150	136,029	329,201	260,138
Loss before income taxes	(4,746 )	(19,883 )	(13,408 )	(47,843 )
Provision (benefit) for income taxes	61	19	(266 )	188
Net loss	\$ (4,807 )	\$ (19,902 )	\$ (13,142 )	\$ (48,031 )
Loss per common share:				
Basic	\$ (0.26 )	\$ (1.26 )	\$ (0.71 )	\$ (3.22 )
Diluted	\$ (0.26 )	\$ (1.26 )	\$ (0.71 )	\$ (3.22 )
Weighted average shares outstanding:				
Basic	18,523	15,790	18,522	14,913
Diluted	18,523	15,790	18,522	14,913

See Notes to Unaudited Condensed Consolidated Financial Statements.

M/I HOMES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

	Six Months Ended June 30, 2010 (Unaudited)							Total Shareholders' Equity
	Preferred Shares		Common Shares		Additional	Retained	Treasury	
(Dollars in thousands)	Shares	Amount	Shares	Amount	Paid-in Capital	Earnings	Shares	
Balance at December 31, 2009	4,000	\$ 96,325	18,520,736	\$ 221	\$ 137,492	\$ 163,847	\$ (71,122)	\$ 326,763
Net loss	-	-	-	-	-	(13,142)	-	(13,142)
Income tax benefit from stock options and deferred compensation distributions	-	-	-	-	(14)	-	-	(14)
Stock options exercised	-	-	600	-	(7)	-	12	5
Stock-based compensation expense	-	-	-	-	1,484	-	-	1,484
Deferral of executive and director compensation	-	-	-	-	137	-	-	137
Executive and director deferred compensation distributions	-	-	1,883	-	(37)	-	37	-
Balance at June 30, 2010	4,000	\$ 96,325	18,523,219	\$ 221	\$ 139,055	\$ 150,705	\$ (71,073)	\$ 315,233

See Notes to Unaudited Condensed Consolidated Financial Statements.



M/I HOMES, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	Six Months Ended June 30,	
	2010	2009
	(Unaudited)	(Unaudited)
<b>OPERATING ACTIVITIES:</b>		
Net loss	\$ (13,142 )	\$ (48,031 )
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Inventory valuation adjustments and abandoned land transaction write-offs	9,667	12,130
Impairment of investment in unconsolidated limited liability companies	-	6,808
Mortgage loan originations	(212,347 )	(163,612 )
Proceeds from the sale of mortgage loans	198,198	169,234
Fair value adjustment of mortgage loans held for sale	(2,817 )	1,641
Net loss from property disposals	7	941
Bad debt expense	-	1,148
Depreciation	2,555	2,599
Amortization of intangibles, debt discount and debt issue costs	1,350	1,256
Stock-based compensation expense	1,484	1,505
Deferred income tax benefit	(4,921 )	(19,328 )
Deferred tax asset valuation allowance	4,921	19,328
Income tax receivable	25,685	36,389
Excess tax expense from stock-based payment arrangements	14	130
Equity in undistributed loss (income) of unconsolidated limited liability companies	6	(7 )
Write-off of unamortized debt discount and financing costs	311	554
Change in assets and liabilities:		
Cash held in escrow	(9,808 )	3,597
Inventory	(24,424 )	155
Other assets	744	1,127