GIBRALTAR INDUSTRIES, INC.
Form 10-Q
May 10, 2007

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

(Mark one)

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

For the quarterly period ended March 31, 2007

OR

o **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 0-22462
Gibraltar Industries, Inc.
(Exact name of Registrant as specified in its charter)

Delaware	16-1445150
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3556 Lake Shore Road, P.O. Box 2028, Buffalo, New York 14219-0228
(Address of principal executive offices)
(716) 826-6500
(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 þ No o

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer o Non-accelerated filer o

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

As of May 7, 2007, the number of common shares outstanding was: 29,844,195.

GIBRALTAR INDUSTRIES, INC.
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PART I FINANCIAL INFORMATION
Item 1. Financial Statements

GIBRALTAR INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)

	March 31, 2007 (unaudited)	December 31, 2006
Assets		
Current assets:		
Cash and cash equivalents	$ 20,675	$ 13,475
Accounts receivable, net	197,066	169,207
Inventories	248,797	254,991
Other current assets	19,082	18,107
Total current assets	485,620	455,780
Property, plant and equipment, net	245,189	243,138
Goodwill	388,874	374,821
Acquired intangibles	61,840	62,366
Investments in partnerships	2,719	2,440
Other assets	13,747	14,323
	$ 1,197,989	$ 1,152,868
Liabilities and Shareholders Equity		
Current liabilities:		
Accounts payable	$ 92,003	$ 71,308
Accrued expenses	47,255	50,771
Current maturities of long-term debt	2,555	2,336
Total current liabilities	141,813	124,415
Long-term debt	418,174	398,217
Deferred income taxes	71,320	70,981
Other non-current liabilities	12,578	9,027
Shareholders equity:		
Preferred stock, $.01 par value; authorized: 10,000,000 shares; none outstanding		
Common stock, $.01 par value; authorized 50,000,000 shares; issued 29,883,795 shares in 2007 and 2006	299	299
Additional paid-in capital	216,485	215,944
Retained earnings	335,354	332,920
Accumulated other comprehensive income	1,966	1,065

	554,104	550,228
Less: cost of 44,100 and 42,600 common shares held in treasury in 2007 and 2006		
Total shareholders equity	554,104	550,228
	$ 1,197,989	$ 1,152,868

See accompanying notes to condensed consolidated financial statements

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GIBRALTAR INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share date)
(unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net sales	$ 317,584	$ 322,637
Cost of sales	265,933	259,406
Gross profit	51,651	63,231
Selling, general and administrative expense	35,210	37,840
Income from operations	16,441	25,391
Other (income) expense:		
Equity in partnerships income and other income	(362)	(686)
Interest expense	7,237	6,779
Total other expense	6,875	6,093
Income before taxes	9,566	19,298
Provision for income taxes	3,398	7,565
Income from continuing operations	6,168	11,733
Discontinued operations:		
Income from discontinued operations before taxes		4,303
Income tax expense		1,639
Income from discontinued operations		2,664
Net income	$ 6,168	$ 14,397
Net income per share Basic:		
Income from continuing operations	$ .21	$ .40
Income from discontinued operations	.00	.09
Net Income	$ .21	$ .49

Weighted average shares outstanding Basic		29,844		29,652
Net income per share Diluted:				
Income from continuing operations	$	.21	$	.39
Income from discontinued operations		.00		.09
Net Income	$	.21	$	.48
Weighted average shares outstanding Diluted		30,056		29,944

See accompanying notes to condensed consolidated financial statements

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GIBRALTAR INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Cash flows from operating activities		
Net income	$ 6,168	$ 14,397
Income from discontinued operations		2,664
Income from continuing operations	6,168	11,733
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,461	6,816
Provision for deferred income taxes	(229)	
Equity in partnerships (loss) income	279	131
Distributions from partnerships		188
Stock compensation expense	541	706
Other noncash adjustments	3	25
Increase (decrease) in cash resulting from changes in (net of acquisitions):		
Accounts receivable	(23,291)	(31,252)
Inventories	10,565	(16,970)
Other current assets and other assets	384	73
Accounts payable	17,822	15,420
Accrued expenses and other non-current liabilities	(2,986)	4,056
Net cash provided by (used in) continuing operations	16,717	(9,074)
Net cash provided by discontinued operations		5,504
Net cash provided by (used in) operating activities	16,717	(3,570)
Cash flows from investing activities		
Purchases of property, plant and equipment	(5,369)	(5,303)
Net proceeds from sale of property and equipment	445	36
Acquisitions, net of cash acquired	(22,492)	
Net cash used in investing activities for continuing operations	(27,416)	(5,267)
Net cash used in investing activities for discontinued operations		(1,074)
Net cash used in investing activities	(27,416)	(6,341)
Cash flows from financing activities		
Long-term debt reduction	(885)	(8,320)
Proceeds from long-term debt	20,284	
Payment of deferred financing costs	(8)	(161)

Net proceeds from issuance of common stock		552
Payment of dividends	(1,492)	(1,487)
Tax benefit from stock options		115
Net cash provided by (used in) financing activities	17,899	(9,301)
Net decrease in cash and cash equivalents	7,200	(19,212)
Cash and cash equivalents at beginning of year	13,475	28,529
Cash and cash equivalents at end of period	$ 20,675	$ 9,317

See accompanying notes to condensed consolidated financial statements

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GIBRALTAR INDUSTRIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The accompanying condensed consolidated financial statements as of March 31, 2007 and 2006 have been prepared by Gibraltar Industries, Inc. (the Company) without audit. In the opinion of management, all adjustments (consisting of normal recurring adjustments and accruals) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2007 and 2006 have been included therein.

Certain information and footnote disclosures, including significant accounting policies normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America, have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements included in the Company s Annual Report to Shareholders for the year ended December 31, 2006, as filed on Form 10-K.

The consolidated balance sheet at December 31, 2006 has been derived from the audited consolidated financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

The results of operations for the three month period ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year.

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2. SHAREHOLDERS EQUITY AND COMPREHENSIVE INCOME

The changes in shareholders equity and comprehensive income consist of (in thousands):

	Comprehensive Income	Common Stock Shares	Common Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Shares	Treasury Stock Amount	Total Shareholders Equity
Balance at January 1, 2007		29,841	$ 299	$ 215,944	$ 332,920	$ 1,065	43	$	$ 550,228
Cumulative effect of adoption of FIN 48					(750)				(750)
Comprehensive income:									
Net income	$ 6,168				6,168				6,168
Other comprehensive income (loss):									
Foreign currency translation adjustment,	1,087								
Unrealized gain on interest rate swaps, net of tax of $114	(186)								
Other comprehensive income	901					901			901
Total comprehensive income	$ 7,069								
Equity based compensation expense				541					541
Cash dividends $.10 per share					(2,984)				(2,984)
Forfeiture of restricted stock							1		
Balance at March 31, 2007		29,841	$ 299	$ 216,485	$ 335,354	$ 1,966	44	$	$ 554,104

The cumulative balance of each component of accumulated other comprehensive income, net of tax, is as follows (in thousands):

	Foreign currency translation adjustment	Minimum pension liability adjustment	Unamortized post retirement health care costs	Unrealized gain/(loss) on interest rate swaps	Accumulated other comprehensive income
Balance at January 1, 2007	$ 1,977	$ 3	$ (969)	$ 54	$ 1,065
Current period change	1,087			(186)	901
Balance at March 31, 2007	$ 3,064	$ 3	$ (969)	$ (132)	$ 1,966

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3. INCOME TAXES

The Company and its U. S. subsidiaries file a U.S. federal consolidated income tax return. The Internal Revenue Service has concluded its examination of the Company s income tax returns for the years prior to 2003. The U.S. federal statute of limitations remains open for the 2003 tax year and beyond. Foreign and U.S. state jurisdictions have statutes of limitations generally ranging from 4 to 6 years. Several of our tax returns are currently under examination in various U.S. state jurisdictions.

We adopted the provisions of FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an Interpretation of FASB Statement No. 109 (FIN 48) effective January 1, 2007. As a result of the implementation of FIN 48, the Company recognized a $750,000 increase in tax liabilities, with a corresponding reduction in retained earnings. The recognition was caused by uncertain tax positions of $408,000 and the provision for related interest and penalties of $342,000.

During the three months ended March 31, 2007, the Company incurred an additional $25,000 to account for uncertain tax positions. The Company does not anticipate significant increases or decreases in our uncertain tax positions within the next twelve months.

The Company recognizes penalties and interest relating to uncertain tax positions in the provision for income taxes.

4. EQUITY-BASED COMPENSATION

On May 19, 2005, the Gibraltar Industries, Inc. 2005 Equity Incentive Plan (the 2005 Equity Incentive Plan) was approved by the Company s stockholders. The 2005 Equity Incentive Plan is an incentive compensation plan that allows the Company to grant equity-based incentive compensation awards to eligible participants to provide them an additional incentive to promote the business of the Company, to increase their proprietary interest in the success of the Company and to encourage them to remain in the Company s employ. Awards under the plan may be in the form of options, restricted shares, restricted units, performance shares, performance units and rights. The 2005 Equity Incentive Plan provides for the issuance of up to 2,250,000 shares of common stock. Of the total number of shares of common stock issuable under the plan, the aggregate number of shares that may be issued in connection with grants of restricted stock or restricted units cannot exceed 1,350,000 shares, and the aggregate number of shares which may be issued in connection with grants of incentive stock options and rights cannot exceed 900,000 shares. Vesting terms and award life are governed by the award document.

The Management Stock Purchase Plan (MSPP) was approved by the shareholders in conjunction with the adoption of the 2005 Equity Incentive Plan. The MSPP provides participants the ability to defer up to 50% of their annual bonus under the Management Incentive Compensation Plan. The deferral is converted to restricted stock units and credited to an account along with a match equal to the deferral amount. The account is converted to cash at the current value of the Company s stock and payable to the participants upon their termination from employment with the Company. The matching portion is payable only if the participant has reached their sixtieth birthday. If a participant terminates prior to age 60, the match is forfeited. Upon termination, the account is converted to a cash account that accrues interest at 2% over the then current 10 year U. S. Treasury note. The account is then paid out in five equal annual cash installments.

During the three months ended March 31, 2006, the Company issued 164,125 restricted stock units, and granted 18,625 non-qualified stock options. There were no issuances of restricted stock units or options during the three months ended March 31, 2007.

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The fair value of restricted stock units held in the MSPP equals the market value of our common stock on the last day of the period. During the three months ended March 31, 2007, 55,757 restricted stock units were credited to participant accounts. At March 31, 2007, the market value of our common stock was $22.62 per share.

5. INVENTORIES

Inventories consist of the following (in thousands):

	March 31, 2007	December 31, 2006
Raw material	$ 125,655	$ 122,181
Work-in process	29,578	41,164
Finished goods	93,564	91,646
Total inventories	$ 248,797	$ 254,991

6. NET INCOME PER SHARE

Basic income per share is based on the weighted average number of common shares outstanding. Diluted income per share is based on the weighted average number of common shares outstanding, as well as dilutive potential common shares which, in the Company s case, comprise shares issuable under the stock option and restricted stock plans. The treasury stock method is used to calculate dilutive shares, which reduces the gross number of dilutive shares by the number of shares purchasable from the proceeds of the options assumed to be exercised.

The following table sets forth the computation of basic and diluted earnings per share as of March 31:

	2007	2006
Numerator:		
Income available to common stockholders from continuing operations	$ 6,168,000	$ 11,733,000
Denominator for basic income per share:		
Weighted average shares outstanding	29,844,213	29,652,487
Denominator for diluted income per share:		
Weighted average shares outstanding	29,844,213	29,652,487
Common stock options and restricted stock	212,088	291,874
Weighted average shares and conversions	30,056,301	29,944,361

7. ACQUISITIONS

On June 8, 2006, the Company acquired all of the outstanding stock of Home Impressions, Inc. (Home Impressions). Home Impressions is based in Hickory, North Carolina and markets and distributes mailboxes and postal accessories. The acquisition of Home Impressions served to strengthen the Company s position in the mailbox and storage systems markets, and is expected to provide marketing, manufacturing and distribution synergies with our existing operations. The results of Home Impressions (included in the Company s Building Products segment) have been included in the Company s consolidated financial results from the date of acquisition. The acquisition of Home Impressions is not considered significant to the Company s consolidated results of operations.

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As part of the purchase agreement with the former owners of Home Impressions, the Company is required to pay additional consideration through May 2009 based upon the operating results of Home Impressions. The Company paid $57,000 of such additional consideration during the three months ended March 31, 2007. These payments were recorded as additional goodwill.

On June 30, 2006, the Company acquired certain assets of Steel City Hardware, LLC (Steel City). The assets the Company acquired from Steel City are used to manufacture mailboxes and postal accessories. The acquisition of the assets of Steel City served to vertically integrate Home Impression s major domestic supplier and expanded our manufacturing competency in the storage market. The results of Steel City (included in the Company s Building Products segment) are included in the Company s consolidated financial results from the date of acquisition. The acquisition of Steel City is not considered significant to the Company s consolidated results of operations.

The aggregate initial consideration was approximately $4,879,000, in cash and acquisition costs. The purchase price has been allocated to the assets acquired based upon a preliminary valuation of respective fair market values. A final valuation is expected to be completed during the second quarter of 2007. The excess consideration over fair value was recorded as goodwill and aggregated approximately $2,566,000, which is deductible for tax purposes. The allocation of purchase consideration to the assets and liabilities assumed is as follows (in thousands):

Working capital	$ 1,736
Property, plant and equipment	577
Goodwill	2,566
	$ 4,879

On November 1, 2006, the Company acquired all of the outstanding stock of The Expanded Metal Company Limited and Sorst Streckmetall GmbH (EMC). EMC has locations in England, Germany and Poland and manufactures, markets and distributes a diverse line of products used in the commercial and industrial sectors of the building products market. The acquisition of EMC is expected to strengthen the Company s position in the expanded metal market and provide expanded market exposure for both EMC products and certain products currently manufactured by the Company. The results of operations of EMC (included in the Company s Building Products segment) have been included in the Company s consolidated results of operations from the date of acquisition.

The aggregate purchase consideration for the acquisition of EMC was approximately $44,629,000 in cash and acquisition costs. The purchase price was allocated to the assets acquired and liabilities assumed based upon a preliminary valuation of respective fair values. The identifiable intangible assets consisted of a trademark with a value of $4,771,000 (indefinite useful life) and customer relationships with a value of $7,443,000 (7 year estimated useful life). A final valuation is expected to be completed during the second quarter of 2007. The excess consideration over fair value was recorded as goodwill and aggregated approximately $20,244,000, none of which is deductible for tax purposes. The allocation of purchase consideration to the assets acquired and liabilities assumed is as follows (in thousands):

Working capital	$ 5,790
Property, plant and equipment	11,338
Other long term liabilities, net	(4,957)
Intangible assets	12,214
Goodwill	20,244
	$ 44,629

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On March 9, 2007 the Company acquired all of the outstanding stock of Dramex Corporation (Dramex). Dramex has locations in Ohio, Canada and England and manufactures, markets and distributes a diverse line of expanded metal products used in the commercial and industrial sectors of the building products market. The acquisition of Dramex is expected to strengthen the Company s position in the expanded metal market and provide additional exposure for both Dramex s products and certain products currently manufactured by the Company. The results of Dramex (included in the Company s Building Products segment) are included in the Company s consolidated financial results from the date of acquisition. The acquisition of Dramex is not considered significant to the Company s consolidated results of operations.

The aggregate purchase consideration for the acquisition of Dramex was $22,492,000 in cash and acquisition costs. The purchase price was allocated to the assets acquired and liabilities assumed based upon a preliminary valuation of respective fair values. A final valuation is expected to be completed prior to the end of the Company s fiscal year. The excess consideration over fair value was recorded as goodwill and aggregated approximately $13,570,000, none of which is deductible for tax purposes. The allocation of purchase consideration to the assets acquired and liabilities assumed is as follows (in thousands):

Working capital	$ 5,571
Property, plant and equipment	4,652
Other long term liabilities, net	(1,301)
Goodwill	13,570
	$ 22,492

8. DISCONTINUED OPERATIONS

As part of its continuing evaluation of its businesses, the Company determined that its thermal processing and strapping businesses no longer provided a strategic fit with its long-term growth and operational objectives. On June 16, 2006 and June 30, 2006, in separate transactions, the Company sold certain assets and liabilities of both its strapping and thermal processing businesses, respectively. The strapping business was previously included in the processed metals products segment and the thermal processing business previously was reported as a segment.

In accordance with the provisions of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* (SFAS 144), the results of operations for the thermal processing business and strapping business have been classified as discontinued operations in the consolidated financial statements for all periods presented.

The Company allocates interest to its discontinued operations in accordance with the provisions of the Financial Accounting Standards Board s Emerging Issues Task Force item 87-24, *Allocation of Interest to Discontinued Operations*. Interest expense of $0 and $1,268,000 was allocated to discontinued operations during the three months ended March 31, 2007 and 2006, respectively.

Components of the income from discontinued operations are as follows (in thousands):

	Three Months Ended March 31,	
	2007	2006
Net sales	$	$ 37,718
Expenses		33,415
Income from discontinued operations before taxes	$	$ 4,303

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9. GOODWILL AND RELATED INTANGIBLE ASSETS

Goodwill

The changes in the approximate carrying amount of goodwill by reportable segment for the three months ended March 31, 2007 is as follows (in thousands):

	Building Products Segment	Processed Metals Products Segment	Total
Balance as of January 1, 2007	$ 358,856	$ 15,965	$ 374,821
Goodwill acquired	13,570		13,570
Additional acquisition costs, net	42		42
Foreign currency translation	415	26	441
Balance as of March 31, 2007	$ 372,883	$ 15,991	$ 388,874

Acquired Intangible Assets

Acquired intangible assets subject to amortization at March 31, 2007 are as follows (in thousands):

	Gross Carrying Amount	Accumulated Amortization	Estimated Life
Trademark / Trade Name	$ 2,000	$ (268)	2 to 15 years
Unpatented Technology	5,123	(914)	5 to 20 years
Customer Relationships	26,562	(3,103)	5 to 15 years
Non-Competition Agreements	3,569	(1,474)	5 to 10 years
Balance as of March 31, 2007	$ 37,254	$ (5,759)	

Acquired intangible assets with indefinite useful lives not subject to amortization consist of trade names and a trademark valued at $30,345,000.

Acquired intangible asset amortization expense for the three month periods ended March 31, 2007 and 2006 aggregated approximately $941,000 and $504,000, respectively.

Amortization expense related to acquired intangible assets for the remainder of fiscal 2007 and the next five years thereafter is estimated as follows (in thousands):

2007	$2,824
2008	$3,637
2009	$3,556
2010	$3,488
2011	$3,323
2012	$3,299

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10. RELATED PARTY TRANSACTIONS

In connection with the acquisition of Construction Metals Inc. (Construction Metals), the Company entered into two unsecured subordinated notes each in the amount of $8,750,000 (aggregate total of $17,500,000). These notes were payable to the two former owners of Construction Metals and were considered related party in nature due to the former owners employment relationship with the Company. These notes were payable in annual principal installments of $2,917,000 per note on April 1, with the final principal payment made on April 1, 2006. These notes required quarterly interest payments at an interest rate of 5.0% per annum. At March 31, 2006 the current portion of these notes aggregated approximately $5,833,000.

Accrued interest and interest expense related to these notes was approximately $72,000 as of and for the three months ended March 31, 2006.

The Company has certain operating lease agreements related to operating locations and facilities with the former owners of Construction Metals or companies controlled by these parties. These operating leases are considered to be related party in nature. Rental expense associated with these related party operating leases aggregated approximately $339,000 and $388,000 for the three months ended March 31, 2007 and 2006, respectively.

Two members of our Board of Directors are partners in law firms that provide legal services to the Company. For the three months ended March 31, 2007 and 2006, the Company incurred $241,000 and $356,000, respectively, for legal services from these firms. Of the amount incurred, $113,000 and $249,000, was expensed during the three months ended March 31, 2007 and 2006, respectively. $128,000 and $107,000 was capitalized as acquisition costs and deferred debt issuance costs during the three months ended March 31, 2007 and 2006, respectively.

At March 31, 2007, the Company had $25,000 recorded in accounts payable for these law firms.

11. BORROWINGS UNDER REVOLVING CREDIT FACILITY

The aggregate borrowing limit under the Company s revolving credit facility is $300,000,000. At March 31, 2007, the Company had $187,844 of availability under the revolving credit facility.

12. NET PERIODIC BENEFIT COSTS

The following tables present the components of net periodic pension and other postretirement benefit costs charged to expense for the three months ended March 31 (in thousands):

	Pension Benefits		Other Post Retirement Benefits	
	2007	2006	2007	2006
Service cost	$ 40	$ 40	$ 26	$ 26
Interest cost	31	31	56	56
Amortization of unrecognized prior service cost			(5)	(5)
Loss amortization			28	28
Net periodic benefit costs	$ 71	$ 71	$ 105	$ 105

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13. SEGMENT INFORMATION

The Company is organized into two reportable segments on the basis of the production process and products and services provided by each segment, identified as follows:

(i) Building products, which primarily includes the processing of sheet steel, aluminum and other materials to produce a wide variety of building and construction products; and

(ii) Processed metal products, which primarily includes the intermediate processing of wide, open tolerance flat-rolled sheet steel and other metals through the application of several different processes to produce high-quality, value-added coiled steel and other metal products to be further processed by customers.

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The following table illustrates certain measurements used by management to assess the performance of the segments described above (in thousands):

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Net sales		
Building products	$ 207,226	$ 214,742
Processed metal products	110,358	107,895
	$ 317,584	$ 322,637
Income (loss) from operations		
Building products	$ 18,731	$ 31,271
Processed metal products	4,427	5,819
Corporate	(6,717)	(11,699)
	$ 16,441	$ 25,391
Depreciation and amortization		
Building products	$ 4,895	$ 4,212
Processed metal products	1,889	1,825
Corporate	677	779
	$ 7,461	$ 6,816
Capital expenditures		
Building products	$ 3,951	$ 3,456
Processed metal products	918	931
Corporate	500	916
	$ 5,369	$ 5,303

	March 31, 2007	December 31, 2006
Total identifiable assets		
Building products	$ 863,099	$ 828,797
Processed metal products	278,326	283,546
Corporate	56,564	40,525
	$ 1,197,989	$ 1,152,868

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14. SUPPLEMENTAL FINANCIAL INFORMATION

The following information sets forth the consolidating summary financial statements of the issuer (Gibraltar Industries, Inc.) and guarantors, which guarantee the 8% senior subordinated notes due December 1, 2015, and the non-guarantors. The guarantors are wholly owned subsidiaries of the issuer and the guarantees are full, unconditional, joint and several.

Investments in subsidiaries are accounted for by the parent using the equity method of accounting. The guarantor subsidiaries and non-guarantor subsidiaries are presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

Gibraltar Industries, Inc.
Consolidating Balance Sheets
March 31, 2007
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$	$ 7,957	$ 12,718	$	$ 20,675
Accounts receivable		173,708	23,358		197,066
Intercompany balances	338,926	(324,194)	(14,732)		
Inventories		235,394	13,403		248,797
Other current assets		18,052	1,030		19,082
Total current assets	338,926	110,917	35,777		485,620
Property, plant and equipment, net		223,484	21,705		245,189
Goodwill		346,150	42,724		388,874
Investments in partnerships		2,719			2,719
Acquired intangibles		48,620	13,220		61,840
Other assets	6,320	6,584	843		13,747
Investment in subsidiaries	415,399	86,961		(502,360)	
	760,645	825,435	114,269	(502,360)	1,197,989
Liabilities and Shareholders Equity					
Current liabilities:					
Accounts payable		77,198	14,805		92,003
Accrued expenses	5,654	36,466	5,135		47,255
Current maturities of long-term debt		2,555			2,555
Total current liabilities	5,654	116,219	19,940		141,813
Long-term debt	200,887	216,293	994		418,174
Deferred income taxes		65,264	6,056		71,320
Other non-current liabilities		12,260	318		12,578
Shareholders equity	554,104	415,399	86,961	(502,360)	554,104
	$ 760,645	$ 825,435	$ 114,269	$ (502,360)	$ 1,197,989

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Gibraltar Industries, Inc.
Consolidating Balance Sheets
December 31, 2006
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$	$ 4,982	$ 8,493	$	$ 13,475
Accounts receivable		152,335	16,872		169,207
Intercompany balances	335,496	(313,514)	(21,982)		
Inventories		243,036	11,955		254,991
Other current assets		17,297	810		18,107
Total current assets	335,496	104,136	16,148		455,780
Property, plant and equipment, net		223,535	19,603		243,138
Goodwill		346,108	28,713		374,821
Investments in partnerships		2,440			2,440
Acquired intangibles		49,200	13,136		62,366
Other assets	6,492	7,001	860		14,323
Investment in subsidiaries	410,578	56,823		(467,401)	
	$ 752,566	$ 789,243	$ 78,460	$ (467,401)	$ 1,152,868
Liabilities and Shareholders Equity					
Current liabilities:					
Accounts payable	$	$ 60,737	$ 10,571	$	$ 71,308
Accrued expenses	1,513	45,782	3,476		50,771
Current maturities of long-term debt		2,336			2,336
Total current liabilities	1,513	108,855	14,047		124,415
Long-term debt	200,825	196,152	1,240		398,217
Deferred income taxes		64,935	6,046		70,981
Other non-current liabilities		8,723	304		9,027
Shareholders equity	550,228	410,578	56,823	(467,401)	550,228
	$ 752,566	$ 789,243	$ 78,460	$ (467,401)	$ 1,152,868

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Gibraltar Industries, Inc.
Consolidating Statements of Income
Three Months Ended March 31, 2007
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$	$ 289,850	$ 30,661	$ (2,927)	$ 317,584
Cost of sales		243,574	25,286	(2,927)	265,933
Gross profit		46,276	5,375		51,651
Selling, general and administrative expense	179	32,467	2,564		35,210
Income from operations	(179)	13,809	2,811		16,441
Other (income) expense					
Interest expense	4,203	3,064	(30)		7,237
Equity in partnerships income and other income		(362)			(362)
Total other expense	4,203	2,702	(30)		6,875
Income before taxes	(4,382)	11,107	2,841		9,566
Provision for income taxes	(1,622)	4,034	986		3,398
Income from continuing operations	(2,760)	7,073	1,855		6,168
Discontinued operations					
(Loss) income discontinued operations before taxes					
Income tax (benefit) expense					
(Loss) income from discontinued operations					
Equity in earnings from subsidiaries	8,928	1,855		(10,783)	

Net income	$	6,168	$	8,928	$	1,855	$	(10,783)	$	6,168

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Gibraltar Industries, Inc.
Consolidating Statements of Income
Three Months Ended March 31, 2006
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$	$ 310,457	$ 12,532	$ (352)	$ 322,637
Cost of sales		249,464	10,294	(352)	259,406
Gross profit		60,993	2,238		63,231
Selling, general and administrative expense	164	36,762	914		37,840
Income from operations	(164)	24,231	1,324		25,391
Other (income) expense					
Interest expense (income)		(686)			(686)
Equity in partnerships income and other income	4,206	2,581	(8)		6,779
Total other expense	4,206	1,895	(8)		6,093
Income before taxes	(4,370)	22,336	1,332		19,298
Provision for income taxes	(1,704)	8,765	504		7,565
Income from continuing operations	(2,666)	13,571	828		11,733
Discontinued operations					
Income discontinued operations before taxes		4,303			4,303
Income tax expense		1,639			1,639
Income from discontinued operations		2,664			2,664
Equity in earnings from subsidiaries	17,063	828		(17,891)	

Net income	$ 14,397	$ 17,063	$ 828	$ (17,891)	$ 14,397

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Gibraltar Industries, Inc.
Consolidating Statements of Cash Flows
Three Months Ended March 31, 2007
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash (used in) provided by continuing operations	$ 664	$ 12,138	$ 3,915	$	$ 16,717
Net cash (used in) provided by discontinued operations					
Net cash (used in) provided by operating activities	664	12,138	3,915		16,717
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(5,002)	(367)		(5,369)
Net proceeds from sale of property and equipment		445			445
Acquisitions, net of cash acquired		(2,010)	(20,482)		(22,492)
Net cash used in investing activities from continuing operations		(6,567)	(20,849)		(27,416)
Net cash used in investing activities for discontinued operations					
Net cash used in investing activities		(6,567)	(20,849)		(27,416)
CASH FLOWS FROM FINANCING ACTIVITIES					
Long-term debt reduction		(585)	(300)		(885)
Proceeds from long-term debt		20,284			20,284
Payment of deferred financing costs		(8)			(8)
Intercompany financing	828	(22,287)	21,459		
Payment of dividends	(1,492)				(1,492)
	(664)	(2,596)	21,159		17,899

Net cash provided by financing activities					
Net (decrease) increase in cash and cash equivalents		2,975	4,225		7,200
Cash and cash equivalents at beginning of year		4,982	8,493		13,475
Cash and cash equivalents at end of year	$	$ 7,957	$ 12,718	$	$ 20,675

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Gibraltar Industries, Inc.
Consolidating Statements of Cash Flows
Three Months Ended March 31, 2006
(in thousands)

	Gibraltar Industries, Inc.	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Net cash (used in) provided by continuing operations	$ 2,394	$ (9,632)	$ (1,836)	$	$ (9,074)
Net cash (used in) provided by discontinued operations		5,504			5,504
Net cash (used in) provided by operating activities	2,394	(4,128)	(1,836)		(3,570)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment		(5,261)	(42)		(5,303)
Net proceeds from sale of property and equipment		202	(166)		36
Net cash used in investing activities from continuing operations		(5,059)	(208)		(5,267)
Net cash used in investing activities for discontinued operations		(1,074)			(1,074)
Net cash used in investing activities		(6,133)	(208)		(6,341)
CASH FLOWS FROM FINANCING ACTIVITIES					
Long-term debt payments		(8,320)			(8,320)
Intercompany financing	(1,419)	955	464		
Payment of deferred financing costs	(155)	(6)			(161)
Net proceeds from issuance of common stock	552				552
Payment of dividends	(1,487)				(1,487)
Tax benefit from stock options	115				115

Net cash used in financing activities	(2,394)	(7,371)	464		(9,301)
Net (decrease) increase in cash and cash equivalents		(17,632)	(1,580)		(19,212)
Cash and cash equivalents at beginning of year		24,759	3,770		28,529
Cash and cash equivalents at end of year	$	$ 7,127	$ 2,190	$	$ 9,317

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15. SUBSEQUENT EVENTS

On April 10, 2007 the Company acquired certain assets of Noll Manufacturing Company, NorWesCo, and M&N Plastics, Inc. (Noll) for approximately $61 million in cash. Noll results will be included in the Company s building products segment from the date of acquisition. Noll manufactures, markets and distributes products for the building, HVAC, and lawn and garden components of the building products market.

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

The following Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Company s condensed consolidated financial statements and notes thereto included in Item 1 of this Form 10-Q.

Overview

The condensed consolidated financial statements present the financial condition of the Company as of March 31, 2007 and December 31, 2006, and the condensed consolidated statements of income and cash flows of the Company for three months ended March 31, 2007 and 2006.

We are a leading manufacturer, processor and distributor of residential and commercial building products and processed metal products for industrial applications. We serve over 10,000 customers in a variety of industries in all 50 states, Canada, Mexico, Europe, Asia, and Central and South America. We operate 91 facilities in 35 states, Canada, England, Germany, Poland and China.

Segments

We operate in two reportable segments Building Products and Processed Metal Products.

Building Products. We process sheet steel to produce over 5,000 building and construction products, including mailboxes, ventilation products, structural connectors, bar grating, metal lath and expanded metal. We sell these products primarily to major retail home centers, such as The Home Depot, Lowe s, Menards, metal service centers, wholesalers and contractor suppliers.

Processed Metal Products. We produce a wide variety of cold-rolled strip steel products, coated sheet steel products and powdered metal products. In this segment, we primarily serve the automotive industry s leaders, such as General Motors, Ford, DaimlerChrysler and Honda, and other major manufacturers such as 3M Company, as well as the automotive supply, commercial and residential metal building, power and hand tool and other industries.

The following table sets forth the Company s net sales by reportable segment for the three months ending March 31 (in thousands):

	2007	2006
Net sales		
Building Products	$ 207,226	$ 214,742
Processed Metal Products	110,358	107,895
Total consolidated net sales	$ 317,584	$ 322,637

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Results of Operations

Consolidated

Net sales decreased by approximately $5.1 million, or 1.6% to $317.6 million for the quarter ended March 31, 2007, from net sales of $322.5 million for the quarter ended March 31, 2006. Net sales excluding the effect of the acquisition of EMC (acquired November 1, 2006) and Dramex (acquired March 9, 2007) decreased $25.0 million, or 7.8%. The decrease in net sales was the result of the decreased volumes due to the slowdown in the residential housing and domestic automotive markets.

Gross profit as a percentage of net sales decreased to 16.3% for the quarter ended March 31, 2007, from 19.6% for the quarter ended March 31, 2006. The decrease in gross profit percentage was the result of the reduction in volume, product mix, as certain products that are used in the new build residential market have higher profit margin, and higher material costs as compared to the same period in the prior year.

Selling, general and administrative expenses decreased by approximately $2.6 million, or 7.0%, to $35.2 million for the quarter ended March 31, 2007, from $37.8 million for the quarter ended March 31, 2006. The dollar decrease in selling, general and administrative expenses was due primarily to lower bonus expense, which decreased $2.5 million due to the decline in operating profits from the prior year period. Selling, general and administrative expenses as a percentage of net sales decreased to 11.1% for the quarter ended March 31, 2007, from 11.7% for the quarter ended March 31, 2006 as a result of the reduction noted above.

As a result of the above, income from operations as a percentage of net sales for the quarter ended March 31, 2007 decreased to 5.2% from 7.9% for the prior year s comparable period.

Interest expense increased by approximately $0.4 million to $7.2 million for the quarter ended March 31, 2007, from $6.8 million for the quarter ended March 31, 2006. The increase in interest expense during the current quarter was due primarily to higher average interest rates compared to that of the prior year s first quarter.

As a result of the above, income from continuing operations before taxes decreased by approximately $9.7 million, or 50.4%, to $9.6 million for the quarter ended March 31, 2007, from income from continuing operations before taxes of $19.3 million for the quarter ended March 31, 2006.

Income taxes for the quarter ended March 31, 2007 approximated $3.4 million and were based on a 35.5% effective tax rate compared with an effective tax rate of 39.2% for the same period in 2006. The tax rate for 2007 reflects a benefit from a change in statute in England, while the 2006 rate reflects increased expense due to certain discrete items.

The following provides further information by segment:

Building Products

Net sales decreased by approximately $7.5 million, or 3.5%, to $207.2 million for the quarter ended March 31, 2007, from net sales of $214.7 million for the quarter ended March 31, 2006. Excluding the $19.9 million provided by EMC and Dramex, the decrease in net sales was $27.4 million, or 12.8% from the same period in the prior year, a result of volume decreases.

Income from operations as a percentage of net sales decreased to 9.0% for the quarter ended March 31, 2007 from 14.6% for the prior year s comparable period. The decrease in operating margin percentage was due to volume reductions, product mix, and higher material costs, partially offset by lower bonus expense.

Processed Metal Products
Net sales increased by approximately $2.6 million, or 2.4%, to $110.4 million for the quarter ended March 31, 2007, from net sales of $107.8 million for the quarter ended March 31, 2006. The increase in net sales was primarily a function of higher selling prices in our strip steel business and our powdered metal products business, a result of increased selling price due to the increase in the market price of steel and copper, partially offset by volume reduction in our service center business.
Income from operations as a percentage of net sales decreased to 4.0% of net sales for the quarter ended March 31, 2007 from 5.4% for the prior year s comparable period. The decrease in operating margin percentage was due primarily to higher material costs in our service center and powered metal products business, and costs associated with the consolidation of our Buffalo, New York manufacturing facilities.
Outlook
The Company expects results from the quarter ended June 30, 2007 will be lower than those realized during the quarter ended June 30, 2006. While the housing and domestic automotive markets have caused a reduction in our results, we expect to see sequential improvement during the upcoming quarter. The second quarter is historically one of the seasonally strongest periods of the Company s fiscal cycle. The Company believes it is positioned to benefit from many of its cost reduction programs and internal growth initiatives, as well as continuing operational improvements.
In 2007 the Company will realize a full year s worth of sales and earnings from the 2006 acquisition of EMC, Home Impressions, Steel City, and sales and earnings from the March 2007 acquisition of Dramex. In addition, the Company is continuously evaluating numerous acquisition opportunities.
Liquidity and Capital Resources
The Company s principal capital requirements are to fund its operations, including working capital, the purchase and funding of improvements to its facilities, machinery and equipment and to fund acquisitions.
The Company s shareholders equity increased by approximately $3.9 million or 0.7%, to $554.1 million, at March 31, 2007. This increase in shareholder s equity was primarily due to net income of $6.2 million, the effect of currency exchange rates of $1.1 million, and equity compensation of $0.5 million, partially offset by the declaration of approximately $3.0 million in shareholder dividends and the cumulative effect of the adoption of FASB Interpretation No. 48.
During the first quarter of 2007, the Company s working capital increased by approximately $12.4 million, or 3.6%, to approximately $343.8 million. This increase in working capital was primarily the result of increases in accounts receivable and cash of $27.9 million and $7.2 million, respectively, partially offset by a $6.2 million decrease in inventories and a $20.7 million increase in accounts payable. The increase in receivables is the result of the acquisition of Dramex and increased sales activities, and the increase in cash is the result of timing of the Noll Manufacturing, NorWesCo and M&N Plastics acquisition in April 2007. The decrease in inventories is the result of our focus on inventory reduction, while the increase in payables is due to both the timing of purchases of raw materials and the Dramex acquisition.
Net cash provided by operating activities for the three months ended March 31, 2007 was approximately $16.7 million and was primarily the result of net income from continuing operations of $6.2 million combined with depreciation and amortization of $7.5 million, decreases in inventories, and accounts payable of $10.6 million and $17.8 million, respectively, partially offset by increases in accounts receivable of $23.3 million.
The cash on hand at the beginning of the period, cash generated by operations and net borrowings of $19.4 million was used to fund the $22.5 million acquisition of Dramex, capital expenditures of $5.4 million and pay cash dividends of $1.5 million.

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Senior credit facility and senior subordinated notes

The Company s credit agreement provides a revolving credit facility, which expires in December 2010, and a term loan, which is due in December 2012. The revolving credit facility of up to $300.0 million and the term loan of $230.0 million are secured with the Company s accounts receivable, inventories and personal property and equipment. At March 31, 2007, the Company had used approximately $94.9 million of the revolving credit facility and had letters of credit outstanding of $17.3 million, resulting in $187.8 million in availability. Borrowings under the revolving credit facility carry interest at LIBOR plus a fixed rate. The weighted average interest rate of these borrowings was 6.29% at March 31, 2007. At March 31, 2007, the term loan balance was $123.3 million. Borrowings under the term loan carry interest at LIBOR plus a fixed rate. The rate in effect on March 31, 2007 was 7.13%.

The Company s $204.0 million of 8% senior subordinated notes were issued in December 2005 at a discount to yield 8.25% Provisions of the 8% notes include, without limitation, restrictions on indebtedness, liens, distributions from restricted subsidiaries, asset sales, affiliate transactions, dividends and other restricted payments. Prior to December 1, 2008, up to 35% of the 8% notes are redeemable at the option of the Company from the proceeds of an equity offering at a premium of 108% of the face value, plus accrued and unpaid interest. After December 1, 2010 the notes are redeemable at the option of the Company, in whole or in part, at the redemption price (as defined in the notes agreement), which declines annually from 104% to 100% on and after December 1, 2013. In the event of a Change of Control (as defined in the indenture for such notes), each holder of the 8% Notes may require the Company to repurchase all or a portion of such holder s 8% Notes at a purchase price equal to 101% of the principal amount thereof. The 8% Notes are guaranteed by certain existing and future domestic subsidiaries and are not subject to any sinking fund requirements.

The Company s various loan agreements, which do not require compensating balances, contain provisions that limit additional borrowings and require maintenance of minimum net worth and financial ratios. At March 31, 2007 the Company was in compliance with terms and provisions of all of its financing agreements.

For the second quarter and remainder of 2007, the Company is focused on maximizing positive cash flow, working capital management, and debt reduction. As of March 31, 2007, the Company believes that availability of funds under its existing credit facility together with the cash generated from operations will be sufficient to provide the Company with the liquidity and capital resources necessary to support its principal capital requirements, including operating activities, capital expenditures, and dividends.

The Company regularly considers various strategic business opportunities including acquisitions. The Company evaluates such potential acquisitions on the basis of their ability to enhance the Company s existing products, operations, or capabilities, as well as provide access to new products, markets and customers. Although no assurances can be given that any acquisition will be consummated, the Company may finance such acquisitions through a number of sources including internally available cash resources, new debt financing, the issuance of equity securities or any combination of the above.

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Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments have not changed materially, including the impact from FIN 48, from the disclosures in our 2006 Form 10-K.

Critical Accounting Policies

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make decisions based upon estimates, assumptions, and factors it considers relevant to the circumstances. Such decisions include the selection of applicable principles and the use of judgment in their application, the results of which could differ from those anticipated.

A summary of the Company s significant accounting policies are described in Note 1 of the Company s consolidated financial statements included in the Company s Annual Report to Shareholders for the year ended December 31, 2006, as filed on Form 10-K.

There have been no changes in critical accounting policies in the current year from those described in our 2006 Form 10-K.

Related Party Transactions

In connection with the acquisition of Construction Metals in April 2004, the Company entered into two unsecured subordinated notes payable, each in the amount of $8.75 million (aggregate total of $17.5 million). These notes, which were satisfied during the second quarter of 2006, were payable to the former owners of Construction Metals and were considered related party in nature due to the former owners employment relationship with the Company. These notes were payable in equal annual principal installments of approximately $2.9 million per note on April 1 with the final principal payment made on April 1, 2006. These notes required quarterly interest payments at an interest rate of 5.0% per annum. Accrued interest and interest expense related to these notes payable was approximately $72,000 as of and for the three months ended March 31, 2006. At March 31, 2006, the current portion of these notes payable aggregated approximately $5.8 million.

The Company has certain operating lease agreements related to operating locations and facilities with the former owners of Construction Metals (related parties) or companies controlled by these parties. Rental expense associated with these related party operating leases aggregated approximately $339,000 and $388,000 for the three months ended March 31, 2007 and 2006, respectively.

Two members of our Board of Directors are partners in law firms that provide legal services to the Company. As of, and for the three months ended March 31, 2007 and 2006, we incurred $241,000 and $356,000, respectively, for legal services from these firms. Of the amount incurred, $113,000 and $249,000 was expensed and $128,000 and $107,000 was capitalized as acquisition costs or deferred debt issuance costs during the three months ended March 31, 2007 and 2006, respectively.

At March 31, 2007, the Company had $25,000 recorded in accounts payable for these law firms.

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Forward-Looking Information   Safe Harbor Statement

Certain information set forth herein contains forward-looking statements that are based on current expectations, estimates, forecasts and projections about the Company s business, and management s beliefs about future operating results and financial position. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions. Statements by the Company, other than historical information, constitute   forward looking statements   as defined within the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on forward-looking statements. Such statements are based on current expectations, are inherently uncertain, are subject to risks and should be viewed with caution. Actual results and experience may differ materially from the forward-looking statements. Factors that could affect these statements include, but are not limited to, the following: the impact of changing steel prices on the Company s results of operations; changes in raw material pricing and availability; changing demand for the Company s products and services; and changes in interest or tax rates. In addition, such forward-looking statements could also be affected by general industry and market conditions, as well as general economic and political conditions.

The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable law or regulation.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

In the ordinary course of business, the Company is exposed to various market risk factors, including changes in general economic conditions, competition and raw materials pricing and availability. In addition, the Company is exposed to market risk, primarily related to its long-term debt. To manage interest rate risk, the Company uses both fixed and variable interest rate debt. There have been no material changes to the Company s exposure to market risk since December 31, 2006.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) designed to provide reasonable assurance as to the reliability of the financial statements and other disclosures contained in this report. The Company s Chief Executive Officer and Chairman of the Board, President and Chief Operating Officer, and Executive Vice President, Chief Financial Officer, and Treasurer evaluated the effectiveness of the Company s disclosure controls as of the end of the period covered in this report. Based upon that evaluation, the Company s Chief Executive Officer and Chairman of the Board, President and Chief Operating Officer, Executive Vice President, Chief Financial Officer, and Treasurer, have concluded that the Company s disclosure controls and procedures were designed and functioning effectively to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

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(b) Changes in Internal Controls over Financial Reporting

The Company converted its legacy consolidation system and its corporate general ledger system to Cognos and Great Plains, respectively, during the quarter ended March 31, 2007. The completion of these system implementations at our corporate offices should enhance our internal controls as follows:

a. The new consolidation system will integrate various databases into consolidated files; and reduce the number of manual processes employed by the Company;

b. The new general ledger system is technologically advanced and will reduce the number of manual processes employed by the Company; and

c. The Company has designed new processes and implemented new policies and procedures in connection with the conversion.

The Company imposed mitigating and redundant controls where changes to certain processes were underway and not completed.

There have been no other changes in the Company s internal control over financial reporting (as defined by Rule 13a-15(f)) that occurred during the period covered by the report that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

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PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

Not applicable.

Item 1A. Risk Factors.

There is no change to the risk factors disclosed in our 2006 annual report on Form 10-K.

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

Not applicable.

Item 3. Defaults Upon Senior Securities.

Not applicable.

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

Not applicable.

Item 5. Other Information.

Not applicable.

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Item 6. Exhibits.

6(a) Exhibits

a. Exhibit 31.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

b. Exhibit 31.2 Certification of President and Chief Operating Officer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

c. Exhibit 31.3 Certification of Executive Vice President, Chief Financial Officer, and Treasurer pursuant to Section 302 of the Sarbanes Oxley Act of 2002.

d. Exhibit 32.1 Certification of the Chairman of the Board and Chief Executive Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

e. Exhibit 32.2 Certification of the President and Chief Operating Officer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

f. Exhibit 32.3 Certification of the Executive Vice President, Chief Financial Officer, and Treasurer pursuant to Title 18, United States Code, Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002.

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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.

GIBRALTAR INDUSTRIES, INC.
(Registrant)

/s/ Brian J. Lipke
Brian J. Lipke
Chairman of the Board and
Chief Executive Officer

/s/ Henning Kornbrekke
Henning Kornbrekke
President and Chief Operating Officer

/s/ David W. Kay
David W. Kay
Executive Vice President, Chief Financial
Officer,
and Treasurer

Date: May 10, 2007