

James River Coal Company has filed for bankruptcy protection...

Let's see what the reporting history shows!

James River Coal Company

Phone: (804) 780-3000

Suite 1600, 901 E. Byrd Street
RICHMOND, VA 23219 United States

Ticker: [JRCC](#)

Filed for Bankruptcy on 4/7/2014
Case #14-31848, filed in the U.S. Bankruptcy Court for the Eastern District of Virginia (Richmond)

Latest Financial Statements as of 9/30/2013

Business Summary

James River Coal Company mines engaged in processing and selling of thermal and metallurgical coal through eight active mining complexes located throughout eastern Kentucky, southern West Virginia and southern Indiana. The Company has two business segments based on the coal basins in which it operates: Central Appalachia (CAPP) and the Midwest. As of December 31, 2011, its eight mining complexes included 25 underground mines, 12 surface mines and 14 preparation plants. As of December 31, 2011, it controlled 362.8 million tons of probable coal reserves. As of December 31, 2011, it produced 10.3 million tons of coal, including 0.7 million tons of coal produced in its mines that are operated by contract mine operators and it purchased another 1.6 million tons for resale. As of December 31, 2011, 63% of production from underground mines, while the remaining 37% came from surface mines. In April 18, 2011, the Company acquired International Resource Partners LP and its subsidiary companies.

Employees: 2,124 (as of 12/31/2012)

Federal Tax Id: 541602012

Credit Scores

FRISK® Score 1 4/6/2014
Probability of bankruptcy range: 10.34% - 50.00%

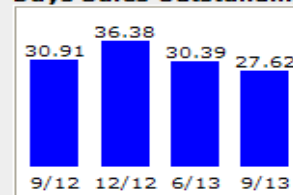
Auditor Information

Last Audit: 12/31/2012
Auditors: KPMG LLP
Opinion: **Unqualified**

Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating	Watch
Moody's	Caa2	Negative	SGL-3	OFF
S&P	CCC	NEGATIVE		NM

Days Sales Outstanding



DBT Index

12/2013	1/2014	2/2014
8	7	9

(Includes DBT Indexes from Subsidiaries)

Third Quarter and Year-to-Date Results

Sales for the 3 months ended 9/30/2013 decreased 47.88% to \$150.16 million from last year's comparable period amount of \$288.10 million. Sales for the 9 months ended 9/30/2013 decreased 41.94% to \$503.62 million from \$867.45 million for the same period last year.

Gross profit margin decreased 57.90% for the period to (\$24.08) million (-16.04% of revenues) from (\$15.25) million (-5.29% of revenues) for the same period last year. Gross profit margin decreased 20,422.70% for the year-to-date period to (\$61.78) million (-12.27% of revenues) from \$304.00 thousand (0.04% of revenues) for the comparable 9 month period last year.

Selling, general and administrative expenses for the period decreased 9.62% to \$13.45 million from \$14.67 million for the same period last year. Selling, general and administrative expenses for the year-to-date period ended 9/30/2013 decreased 10.08% to \$40.92 million from \$45.50 million for the same period last year.

Operating income for the period increased 55.05% to (\$13.45) million from (\$29.92) million for the same period last year. Operating income for the year-to-date period ended 9/30/2013 increased 149.56% to \$22.40 million compared with operating income of (\$45.11) million for the same period last year.

Net loss for the period increased 24.13% to (\$25.51) million compared with net loss of (\$31.84) million for the same period last year. Net loss for the year-to-date period decreased with net loss of (\$61.97) million for the equivalent 9 months last year.

Net cash from operating activities was (\$32.02) million for the 9 month operating activities of \$38.50 million for last year's comparable period.

Working capital at 9/30/2013 of \$89.92 million decreased 40.64% from \$151.48 million, and decreased 51.67% from \$186.04 million at the end of 2012.

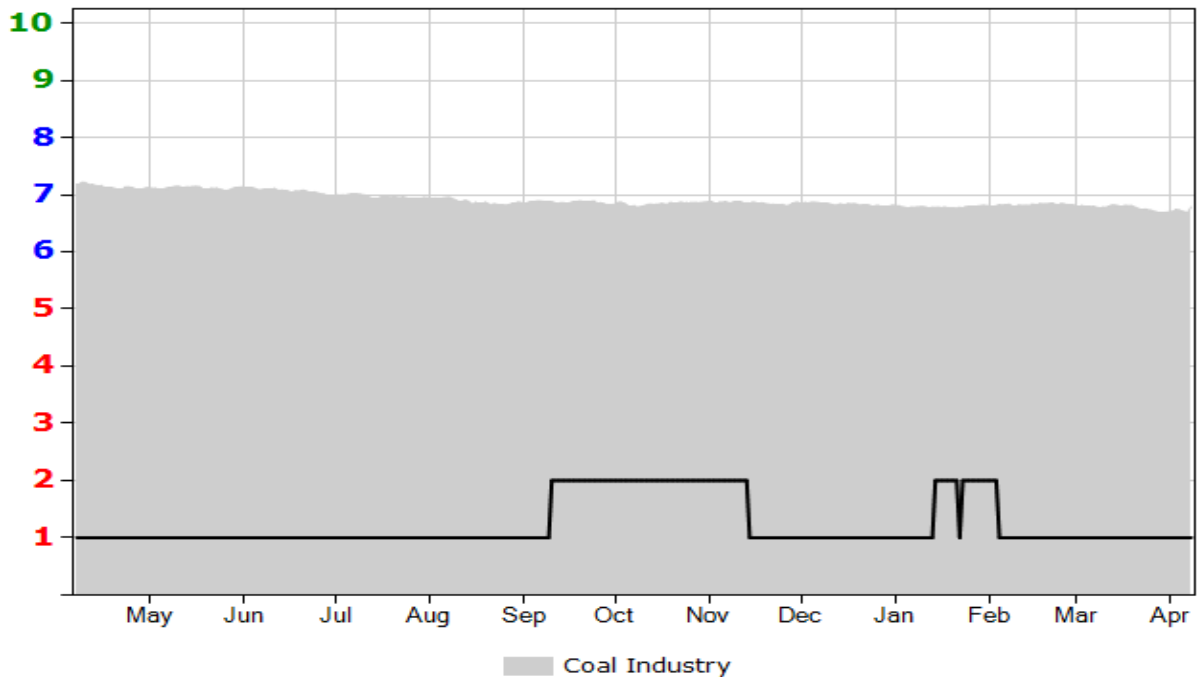
Inventories increased by \$34.81 million for the year-to-date period, compared with a \$15.50 million decrease in the prior year's comparable period.

Accounts payable decreased by \$19.01 million for the year-to-date period, compared to a \$34.80 million decrease in the prior year's comparable period.

Public companies often make consistent payments, right up to a bankruptcy... here, James River Coal Company was paying 0-10 days past due

The FRISK® has been at or near a very risky "1" for an extended period of time...

The current FRISK® score is 1 (probability of bankruptcy* 10.34% - 50%), near its 13-month average but below its industry average.



The FRISK® score is reported on a 1 to 10 scale:

	FRISK®	Probability of bankruptcy within 12 months	
		From	To
Best	10	0.00%	0.11%
	9	0.11%	0.23%
	8	0.23%	0.38%
	7	0.38%	0.54%
	6	0.54%	1.05%
	5	1.05%	1.74%
	4	1.74%	3.15%
	3	3.15%	5.05%
	2	5.05%	10.34%
Worst	1	10.34%	50.00%

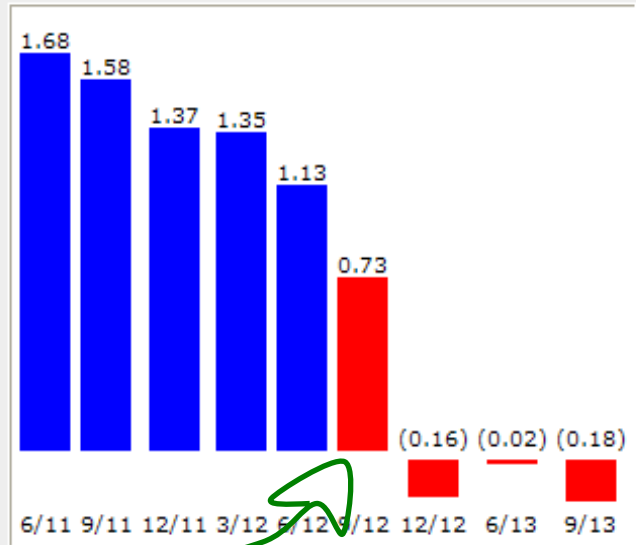
Z" Score

LEGEND:

Financially sound: 2.60 or higher

Neutral: 1.10 to 2.60

Fiscal danger: less than 1.10



The Altman Z" started signaling trouble in late 2012...

Stock Performance

Detailed Quote

Last: 0.71

Change: -0.03 (-4.31%)

Volume: 533,889

Open: 0.72
Close: 0.74
High: 0.74
Low: 0.70
Bid: 0.71
Ask: 0.71
Yield: 0.00
P/E Ratio: N/
EPS: -2.64
Dividend: 0.00
Shares Out: 36.1 M
Market Cap: 25.8 M
52wk High: 3.50
52wk Low: 0.55

JAMES RIVER COAL CO
as of 4/7/2014



...plus looking at our News Alerts you would have seen...

The Company files for Chapter 11 and will implement a comprehensive turnaround plan

Missed interest payment on 7.875% Senior Notes due 2019

The Company's auditors communicate that if they were to deliver an audit opinion, the audit opinion would contain a going concern qualification.

Exploring potential strategic alternatives, which may include a sale of all or one or more portions of the Company

Amendment to Revolving Credit Agreement modifying the definition of "Trigger Event Period", which commences when the sum of the Company's Unrestricted Cash and Availability is less than \$35MM. The amendment reduces the "Trigger Event Amount" from \$35MM to \$23MM

Restructuring of mining operations due to continuing weakness in the coal markets, as well as the related furloughing of approximately 525 full-time employees.

News Summary (CRMZ selected Moody's Fitch All) Next Page				
#	Date	Source	Headline	
1	4/8/2014	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Bankruptcy or Receivership, Results of Operations and Financial Condition, Triggering Events That Accelerate or Increase a Direct Financial Obligation or an	i
2	4/7/2014	PR Newswire	James River Coal Company Files For Chapter 11 Reorganization To Restructure Balance Sheet And Continue Exploration Of Strategic Alternatives	i
3	4/7/2014	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Other Events, Financial Statements and Exhibits	i
4	3/24/2014	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing	i
5	3/24/2014	PR Newswire	James River Coal Company Announces Receipt of NASDAQ Notices	i
6	3/17/2014	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Other Events	i
7	3/17/2014	CRMZ News Service	James River Coal CO Files Notification of Late Filing for its Form 10-K with the Securities and Exchange Commission.	i
8	2/12/2014	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Regulation FD Disclosure, Financial Statements and Exhibits	i
9	2/7/2014	PR Newswire	James River Coal Company Announces Exploration of Strategic Alternatives and Amendment To Its Revolving Credit Facility	i
10	1/10/2014	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Entry into a Material Definitive Agreement, Financial Statements and Exhibits	i
11	12/7/2013	CRMZ News Service	James River Coal Company -- updated financials available	i
12	11/7/2013	CRMZ News Service	James River Coal CO: a Form 10-Q has been Filed with the SEC	i
13	11/7/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Results of Operations and Financial Condition, Regulation FD Disclosure, Financial Statements and Exhibits	i
14	10/18/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Costs Associated with Exit or Disposal Activities	i
15	9/19/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Other Events, Financial Statements and Exhibits	i
16	9/17/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Other Events, Financial Statements and Exhibits	i
17	9/12/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Regulation FD Disclosure, Financial Statements and Exhibits	i
18	8/13/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Other Events, Financial Statements and Exhibits	i
19	8/13/2013	CRMZ News Service	James River Coal Company -- updated financials available	i
20	8/9/2013	CRMZ News Service	James River Coal CO: a Form 10-Q has been Filed with the SEC	i
21	8/9/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Results of Operations and Financial Condition, Regulation FD Disclosure, Financial Statements and Exhibits	i
22	7/26/2013	CRMZ News Service	JAMES RIVER COAL CO FILES (8-K) Disclosing Mine Safety - Reporting of Shutdowns and Patterns of Violations	i

Non-compliance with continued listing requirements of the Nasdaq Stock Market

Notification of late filing of 10-K, due to strategic review process

Amendment to Revolving Credit Agreement, reducing "Trigger Event Amount" from \$23MM to \$13MM during the period commencing on January 31, 2014 and ending on March 31, 2014.

Q3 Net Loss of \$26MM

Bond exchange, offering up to \$32MM and \$23MM aggregate principal amount of its 10.00% Convertible Senior Notes due 2018 for any and all of its outstanding 4.50% Convertible Senior Notes due 2015, and outstanding 3.125% Convertible Senior Notes, due 2018. The exchange provides for a much higher interest rate over an extended period of time, and allows for the conversion of the bonds to equity.

...need more depth? Look at the Performance Ratios

In May 2013, the Company exchanged \$123MM of new notes for a total of \$243MM of outstanding notes, and booked a net gain of \$101MM...

Not Profitable...

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2013	6 mos 6/30/2013	3 mos 3/31/2013	3 mos 12/31/2012	3 mos 9/30/2012
Net Sales \$	\$150,162	\$353,456	n/a	\$232,164	\$288,102
% change	n/a	n/a	n/a	-19.42%	3.87%
Gross Margin \$	(\$24,079)	(\$37,702)	n/a	(\$25,331)	(\$15,250)
% change	n/a	n/a	n/a	-66.10%	-644.64%
% of sales	-16.04%	-10.67%	n/a	-10.91%	-5.29%
change as % of incremental sales	n/a	n/a	n/a	n/m	-168.00%
SG&A \$	\$13,260	\$27,657	n/a	\$14,418	\$14,672
% change	n/a	n/a	n/a	-1.73%	-3.89%
% of sales	8.83%	7.82%	n/a	6.21%	5.09%
change as % of incremental sales	n/a	n/a	n/a	n/m	-5.53%
Operating margin \$	(\$13,450)	\$35,851	n/a	(\$66,241)	(\$29,922)
% change	n/a	n/a	n/a	-121.38%	-140.03%
% of sales	-8.96%	10.14%	n/a	-28.53%	-10.39%
change as % of incremental sales	n/a	n/a	n/a	n/m	-162.47%
EBITDA \$	\$15,168	\$94,289	n/a	(\$33,560)	\$5,743
% change	n/a	n/a	n/a	-684.36%	-71.48%
% of sales	10.10%	26.68%	n/a	-14.46%	1.99%
change as % of incremental sales	n/a	n/a	n/a	n/m	-133.98%
Pre-tax income \$	(\$25,322)	\$11,487	n/a	(\$76,588)	(\$20,527)
% change	n/a	n/a	n/a	-273.11%	20.23%
% of sales	-16.86%	3.25%	n/a	-32.99%	-7.12%
change as % of incremental sales	n/a	n/a	n/a	n/m	48.45%
Net income (loss) \$	(\$25,512)	\$10,513	n/a	(\$76,932)	(\$20,552)
% change	n/a	n/a	n/a	-274.33%	20.23%
% of sales	-16.99%	2.97%	n/a	-33.14%	-7.13%
change as % of incremental sales	n/a	n/a	n/a	n/m	48.50%
Tax expense \$	\$190	\$974	n/a	\$344	\$25
Effective tax rate	-0.75%	8.48%	n/a	-0.45%	-0.12%
Depreciation expense \$	\$28,520	\$58,205	n/a	\$33,627	\$35,518
% of sales	18.99%	16.47%	n/a	14.48%	12.33%
% of capital expenses	278.35%	296.66%	n/a	222.84%	172.54%
% of PP&E, net (annualized)	14.24%	14.18%	n/a	15.53%	16.08%
Capital expenditures \$	\$10,246	\$19,620	\$7,700	\$15,090	\$20,585
% change	n/a	n/a	-48.97%	-26.69%	-10.48%
% of PP&E, net (annualized)	5.12%	4.78%	3.65%	6.97%	9.32%
% of working capital (annualized)	40.15%	30.59%	20.96%	35.77%	39.73%
Interest coverage ratio	1.26	3.79	n/a	(2.67)	0.44
% change	n/a	n/a	n/a	-714.41%	-70.77%
Free cash flow \$	(\$33,645)	(\$28,242)	(\$29,512)	(\$21,138)	\$7,486
% change	n/a	n/a	-39.62%	-382.37%	262.60%
Source:	10-Q 11/7/2013	10-Q 11/7/2013	10-Q 11/7/2013	10-K 3/8/2013	10-Q 11/7/2012

Negative Free Cash Flow
(Only 60MM in cash)...

CreditRiskMonitor

(845) 230-3000
info@crmz.com

...need more depth? Look at the Leverage Ratios

Debt decreases due to exchange
of Convertible Senior Notes...

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012
Total debt \$	\$425,379	\$447,896	\$549,810	\$546,407	\$549,070
% change	-5.03%	-18.54%	0.62%	-0.49%	-6.86%
Stockholders' equity \$	\$247,342	\$270,270	\$215,266	\$254,627	\$341,874
% change	-8.48%	25.55%	-15.46%	-25.52%	-5.06%
Total debt to equity ratio	1.72	1.66	2.55	2.15	1.61
% change	3.78%	-35.12%	19.02%	33.61%	-1.89%
Tangible net worth \$	\$247,342	\$270,270	\$215,266	\$254,627	\$315,382
% change	-8.48%	25.55%	-15.46%	-19.26%	-5.46%
Total debt to tangible net worth	1.72	1.66	2.55	2.15	1.74
% change	3.78%	-35.12%	19.02%	23.26%	-1.48%
Total assets \$	\$1,066,040	\$1,098,717	\$1,160,016	\$1,204,121	\$1,289,222
% change	-2.97%	-5.28%	-3.66%	-6.60%	-3.96%
Total debt to assets ratio	0.40	0.41	0.47	0.45	0.43
% change	-2.13%	-13.99%	4.45%	6.55%	-3.03%
Net tangible assets \$	\$1,066,040	\$1,098,717	\$1,160,016	\$1,204,121	\$1,262,730
% change	-2.97%	-5.28%	-3.66%	-4.64%	-4.04%
Total liabilities \$	\$818,698	\$828,447	\$944,750	\$949,494	\$947,348
% change	-1.18%	-12.31%	-0.50%	0.23%	-3.55%
Total liabilities to equity ratio	3.31	3.07	4.39	3.73	2.77
% change	7.98%	-30.16%	17.69%	34.57%	1.58%
Total liabilities to tangible net worth ratio	3.31	3.07	4.39	3.73	3.00
% change	7.98%	-30.16%	17.69%	24.14%	2.02%
Source:	10-Q 11/7/2013	10-Q 8/9/2013	10-Q 5/2/2013	10-K 3/8/2013	10-Q 11/7/2012

Very high liabilities to equity ratios
vs. coal industry peers ...

...need more depth? Look at the Liquidity Ratios and Rates of Return

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2013	6/30/2013	3/31/2013	12/31/2012	9/30/2012
Current assets \$	\$206,802	\$218,603	\$260,591	\$278,249	\$322,461
% change	-5.40%	-16.11%	-6.35%	-13.71%	-10.55%
Current liabilities \$	\$116,886	\$104,375	\$118,240	\$126,771	\$136,420
% change	11.99%	-11.73%	-6.73%	-7.07%	3.28%
Working capital \$	\$89,916	\$114,228	\$142,351	\$151,478	\$186,041
% change	-21.28%	-19.76%	-6.03%	-18.58%	-18.55%
% of sales (annualized)	14.97%	16.16%	n/a	16.31%	16.14%
Cash \$	\$60,207	\$94,579	\$97,885	\$127,386	\$151,435
% change	-36.34%	-3.38%	-23.16%	-15.88%	-8.13%
Cash ratio	0.52	0.91	0.83	1.00	1.11
% change	-43.15%	9.45%	-17.61%	-9.48%	-11.04%
Quick assets \$	\$112,416	\$133,266	\$176,909	\$217,202	\$246,753
% change	-15.65%	-24.67%	-18.55%	-11.98%	-6.78%
Quick ratio	0.96	1.28	1.50	1.71	1.81
% change	-24.67%	-14.66%	-12.67%	-5.28%	-9.74%
Current ratio	1.77	2.09	2.20	2.19	2.36
% change	-15.52%	-4.97%	0.41%	-7.14%	-13.39%
Source:	10-Q 11/7/2013	10-Q 8/9/2013	10-Q 5/2/2013	10-K 3/8/2013	10-Q 11/7/2012

Sharp decline in cash...

Rates of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2013	6 mos 6/30/2013	3 mos 3/31/2013	3 mos 12/31/2012	3 mos 9/30/2012
Return on equity	-9.44%	4.88%	n/a	-22.50%	-5.71%
% change	n/a	n/a	n/a	-294.28%	15.03%
Return on net tangible equity	-9.44%	4.88%	0.00%	-24.39%	-6.16%
% change	n/a	n/a	100.00%	-295.95%	14.61%
Return on total assets	-2.36%	0.93%	0.00%	-6.17%	-1.56%
% change	n/a	n/a	100.00%	-295.07%	17.82%
Return on net tangible assets	-2.36%	0.93%	0.00%	-6.24%	-1.59%
% change	n/a	n/a	100.00%	-291.27%	17.77%
Source:	10-Q 11/7/2013	10-Q 11/7/2013	10-Q 11/7/2013	10-K 3/8/2013	10-Q 11/7/2012

Negative rates of return...

In the MD&A issued in August the Company tells us that capital expenditures under their current Revolver will exceed cash generated by operations, and need to be funded through cash on hand. Cash on hand will be sufficient through 2013, however, absent improvements to market conditions, the Company will likely need to secure additional sources of liquidity and take actions to reduce the usage of cash. These actions may include the sale of assets, or curtailment of some operations to avoid falling below the \$35MM cash requirement in their secured loan facility.

CreditRiskMonitor (CRMZ)

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Report	James River Coal Company	
Overview	Phone: (804) 780-3000	Suite 1600, 901 E. Byrd Street RICHMOND, VA 23219 United States
Company News		Ticker: JRCC
Risk Ratings	Filed for Bankruptcy on 4/7/2014	
Important Information	Case #14-31848, filed in the U.S. Bankruptcy Court for the Eastern District of Virginia (Richmond)	
Annual Financials	Management Discussion and Analysis	
Year/Year Interim	For the period ended 6/30/2013	
Sequential Quarters	<p>We currently project that in 2013 our capital expenditures will be approximately \$70 million, cash interest on our long term debt will be approximately \$37 million and fees under our Revolver for letters of credit will total approximately \$4 million. We expect that such <u>expenditures will exceed cash generated by operations and will need to be funded through cash on hand.</u> We expect that cash on hand will be sufficient throughout 2013 to meet our debt covenants even assuming such use of cash. However, our cash position beyond 2013 will depend on numerous factors such as the market for our coal, capital expenditures and commodity costs. Absent improvements to current market conditions, <u>we would likely need to secure additional sources of liquidity to avoid falling below the \$35 million cash requirement in our secured loan facility</u> sometime during the first half of 2014. Prior to reaching these cash levels, <u>we would likely take actions to reduce our usage of cash, which could include changes in our business to limit growth, reductions in capital expenditures, the sale of assets, or the reduction or curtailment of some of our operations.</u> In addition to or in combination with these measures to reduce cash usage, we could seek additional debt or equity financing. The Company's 7.875% Senior Note Indenture restricts the incurrence of debt but allows for \$75.0 million of additional senior secured financing without any consents from note holders, although there can be no assurance that such additional secured financing would be available on satisfactory terms or at all. Our ongoing ability to satisfy working capital requirements and debt service obligations (including refinancing debt that matures in 2015), or fund planned capital expenditures, will substantially depend upon our future operating performance, debt covenants, and financial, market, business and other factors, some of which are beyond our control.</p>	
Liquidity (MD&A)		
Liquidity (MD&A) History		
SEC Filings		
Peer Analysis		
Payments		
Public Filings		
General Info		
Access History		
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Finally, in the MD&A issued in November the Company warns if they do not meet their \$35MM cash requirement, they would be required to maintain a minimum Fixed Charge Ratio under their Revolver, which they would not have met as of September 30, 2013. If the Company can not meet the Fixed Charge Coverage Ratio under the Revolver, this failure would constitute a default, allowing lenders to accelerate obligations. This can allow indenture trustees under the Company's existing indentures to declare a cross default and accelerate all of the Company's payment obligations under those indentures.

...and in April, they file for bankruptcy...

CreditRiskMonitor [\(CRMZ\)](#)

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Report	James River Coal Company	
Overview	Phone: (804) 780-3000	Suite 1600, 901 E. Byrd Street RICHMOND, VA 23219 United States
Company News		Ticker: JRCC
Risk Ratings	Filed for Bankruptcy on 4/7/2014	
Important Information	Case #14-31848, filed in the U.S. Bankruptcy Court for the Eastern District of Virginia (Richmond)	
Annual Financials	Management Discussion and Analysis	
Year/Year Interim	For the period ended 9/30/2013	
Sequential Quarters	<p>If our unrestricted cash plus the availability under our Revolver falls below \$35.0 million, we would be required to maintain a minimum <u>Fixed Charge Ratio</u> under our Revolver, which we would not have met as of September 30, 2013. If we fall below the \$35 million availability threshold and fail to meet the Fixed Charge Coverage Ratio under the Revolver, <u>this failure would constitute a default under the Revolver</u>, permitting the lenders or the administrative agent under the Revolver (if they are unwilling to waive such default) to accelerate the obligations thereunder. If the obligation under our Revolver were to be accelerated, then the indenture trustees under our existing indentures (or holders of 25% of such indenture notes) could declare a cross default under those indentures (if the Revolver lenders did not rescind such prior notice of acceleration within 30 days), and <u>could accelerate all our payment obligations under these indentures.</u></p>	
Liquidity (MD&A)		
Liquidity (MD&A) History		
SEC Filings		
Peer Analysis		
Payments		
Public Filings		
General Info		
Access History		
Update Portfolio		
Print/Save Report		
Currency Converter		
Send This to a Colleague		