

BALDWIN TECHNOLOGY CO INC

Form 10-Q

February 14, 2008

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.
FORM 10-Q**

[Mark one]

**Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934
For quarter ended December 31, 2007**

OR

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____**

**Commission file number 1-9334
BALDWIN TECHNOLOGY COMPANY, INC.**

(Exact name of registrant as specified in its charter)

Delaware

13-3258160

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

2 Trap Falls Road, Suite 402, Shelton, Connecticut 06484

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 203-402-1000

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Act of 1934 during the preceding 12 months (or 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 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at January 31, 2008

14,402,162

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Class A Common Stock

\$0.01 par value

Class B Common Stock

\$0.01 par value

1,142,555

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BALDWIN TECHNOLOGY COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands)
ASSETS

	December 31, 2007 (unaudited)	June 30, 2007
CURRENT ASSETS:		
Cash and cash equivalents	\$ 10,019	\$ 17,375
Accounts receivable trade, net of allowance for doubtful accounts of \$1,990 (\$1,876 at June 30, 2007)	41,688	40,713
Notes receivable, trade	8,583	7,150
Inventories	34,322	30,384
Deferred taxes, net	1,909	1,780
Prepaid expenses and other	7,171	5,584
Total current assets	103,692	102,986
MARKETABLE SECURITIES:		
(Cost \$645 at December 31, 2007 and \$564 at June 30, 2007)	739	781
PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	1,150	1,116
Machinery and equipment	6,174	6,152
Furniture and fixtures	5,079	5,347
Capital leases	247	278
	12,650	12,893
Less: Accumulated depreciation	(7,243)	(7,518)
Net property, plant and equipment	5,407	5,375
INTANGIBLES, less accumulated amortization of \$7,506 (\$6,608 at June 30, 2007)	11,402	11,169
GOODWILL, less accumulated amortization of \$3,583 (\$3,293 at June 30, 2007)	27,456	24,741
DEFERRED TAXES, NET	4,339	6,793
OTHER ASSETS	5,211	5,335
TOTAL ASSETS	\$ 158,246	\$ 157,180

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

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BALDWIN TECHNOLOGY COMPANY, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)
LIABILITIES AND SHAREHOLDERS EQUITY

	December 31, 2007 (unaudited)	June 30, 2007
CURRENT LIABILITIES:		
Loans payable	\$ 3,589	\$ 3,249
Current portion of long-term debt	3,158	2,501
Accounts payable, trade	17,651	19,976
Notes payable, trade	8,337	7,009
Accrued salaries, commissions, bonus and profit-sharing	6,947	7,942
Customer deposits	3,390	5,876
Accrued and withheld taxes	1,776	1,793
Income taxes payable	2,859	1,518
Other accounts payable and accrued liabilities	17,526	17,559
Total current liabilities	65,233	67,423
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	28,716	26,929
Other long-term liabilities	8,514	8,288
Total long-term liabilities	37,230	35,217
Total liabilities	102,463	102,640
Commitments and contingencies		
SHAREHOLDERS EQUITY:		
Class A Common Stock, \$.01 par, 45,000,000 shares authorized, 18,039,467 shares issued at December 31, 2007 and 17,875,522 shares issued at June 30, 2007	181	179
Class B Common Stock, \$.01 par, 4,500,000 shares authorized, 1,436,825 shares issued at December 31, 2007 and 1,486,825 shares issued at June 30, 2007	14	15
Capital contributed in excess of par value	59,996	59,499
Accumulated earnings	4,151	5,266
Accumulated other comprehensive income	4,956	3,051
Less: Treasury stock, at cost:		
Class A 3,634,070 shares at June 30, 2007		
Class B 294,270 shares at December 31, 2007 and June 30, 2007	(13,515)	(13,470)
Total shareholders equity	55,783	54,540

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 158,246	\$ 157,180
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BALDWIN TECHNOLOGY COMPANY, INC.
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(Unaudited)

	For the three months ended December 31		For the six months ended December 31,	
	2007	2006	2007	2006
Net Sales	\$ 57,931	\$ 48,168	\$ 111,860	\$ 91,375
Cost of goods sold	39,963	32,550	76,646	61,495
Gross Profit	17,968	15,618	35,214	29,880
Operating Expenses:				
General and administrative	6,070	5,015	11,655	9,894
Selling	4,553	3,949	8,646	7,240
Engineering and development	4,913	3,949	9,329	7,926
Restructuring	960	994	960	994
	16,496	13,907	30,590	26,054
Operating income	1,472	1,711	4,624	3,826
Other (income) expense:				
Interest expense	794	559	1,564	783
Interest income	(69)	(57)	(137)	(88)
Other (income) expense, net	(27)	175	45	(51)
	698	677	1,472	644
Income before income taxes	774	1,034	3,152	3,182
Provision for income taxes	510	632	1,849	1,454
Net income	\$ 264	\$ 402	\$ 1,303	\$ 1,728
Net income per share basic and diluted				
Income per share basic	\$ 0.02	\$ 0.03	\$ 0.08	\$ 0.11
Income per share diluted	\$ 0.02	\$ 0.03	\$ 0.08	\$ 0.11
Weighted average shares outstanding:				
Basic	15,486	15,097	15,461	15,050
Diluted	15,866	15,695	15,869	15,710

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BALDWIN TECHNOLOGY COMPANY, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except shares) (Unaudited)

	Class A		Class B		Capital Contributed In	Accumulated Other			
	Common Stock Shares	Amount	Common Stock Shares	Amount	Excess of Par	Accumulated Earnings	Comprehensive Income	Treasury Stock Shares	Comprehensive Income
Balance at June 30, 2007	17,875,622	\$ 179	1,486,825	\$ 15	\$ 59,499	\$ 5,266	\$ 3,051	(3,928,340)	\$ (13,470)
Adoption of FIN 48 - uncertain tax positions						(2,418)			
Net income for the six months ended December 30, 2007						1,303			\$ 1,303
Translation adjustment							1,976		1,976
Unrealized gain on available-for-sale securities, net of tax							(71)		(71)
Amortization stock based compensation					405				
Comprehensive income									\$ 3,208
Shares converted Class B to Class A	50,000	1	(50,000)	(1)					
Shares issued under stock option plan	113,845	1			92			(8,235)	(45)

Balance at December 31, 2007	18,039,467	\$ 181	1,436,825	\$ 14	\$ 59,996	\$ 4,151	\$ 4,956	(3,936,575)	\$(13,515)
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are an integral part of these statements.

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BALDWIN TECHNOLOGY COMPANY, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	For the six months ended December 31,	
	2007	2006
Cash flows from operating activities:		
Net income	\$ 1,303	\$ 1,728
Adjustments to reconcile net income to net cash Provided (used) by operating activities:		
Depreciation and amortization	1,269	860
Accrued retirement pay	1	123
Provision for losses on accounts receivable	102	130
Restructuring charge	960	994
Stock based compensation	405	352
Deferred income taxes	193	432
Changes in assets and liabilities, net of businesses acquired:		
Accounts and notes receivable	518	157
Inventories	(2,147)	(697)
Prepaid expenses and other	(1,300)	515
Other assets	447	(38)
Customer deposits	(2,706)	(334)
Accrued compensation	(1,598)	(2,263)
Payment of restructuring charges	(133)	(89)
Payment of liabilities assumed	(656)	
Accounts and notes payable, trade	(2,686)	(1,411)
Income taxes payable	1,100	1,060
Accrued and withheld taxes	(17)	(381)
Other accounts payable and accrued liabilities	(2,209)	(742)
Interest payable	7	(12)
Net cash (used) provided by operating activities	(7,147)	384
Cash flows from investing activities:		
Acquisition related payments	(446)	(17,675)
Additions of property, plant and equipment	(745)	(453)
Additions to patents and trademarks	(639)	(329)
Net cash (used for) investing activities	(1,830)	(18,457)
Cash flows from financing activities:		
Long-term and short-term debt borrowings	5,566	35,847
Long-term and short-term debt repayments	(4,378)	(11,205)
Capitalized finance costs		(1,369)

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Principal payments under capital lease obligations	(79)	(72)
Proceeds of stock option exercises	92	342
Other long-term liabilities	(44)	(34)
Net cash provided by financing activities	1,157	23,509
Effects of exchange rate changes	464	101
Net increase (decrease) in cash and cash equivalents	(7,356)	5,537
Cash and cash equivalents at beginning of period	17,375	14,986
Cash and cash equivalents at end of period		