

Altra Holdings, Inc.
Form SC 13G/A
February 16, 2010

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934
(Amendment No. 2)*

Altra Holdings, Inc.
(Name of Issuer)

Common Stock, par value \$0.001 per share
(Title of Class of Securities)

02208R106
(CUSIP Number)

December 31, 2009
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

☐ Rule 13d-1(b)

☒ Rule 13d-1(c)

☐ Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No 02208R106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Newland Capital Management, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

(a) ☐

(b) ☒

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

0

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN
SHARES (SEE INSTRUCTIONS)

☐

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

OO

CUSIP No 02208R106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Newland Master Fund, Ltd.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) ☐
(b) ☒

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

0

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN
SHARES (SEE INSTRUCTIONS)

☐

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

CUSIP No 02208R106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Newland Offshore Fund, Ltd.
 2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) ☐
(b) ☒
 3. SEC USE ONLY
 4. CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands
- NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH
5. SOLE VOTING POWER

0
 6. SHARED VOTING POWER

0
 7. SOLE DISPOSITIVE POWER

0
 8. SHARED DISPOSITIVE POWER

0
 9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0
 10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN
SHARES (SEE INSTRUCTIONS)

☐
 11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

CUSIP No 02208R106

1. NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Ken Brodkowitz

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a) ☐
(b) ☒

3. SEC USE ONLY

4. CITIZENSHIP OR PLACE OF ORGANIZATION

United States

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

5. SOLE VOTING POWER

0

6. SHARED VOTING POWER

0

7. SOLE DISPOSITIVE POWER

0

8. SHARED DISPOSITIVE POWER

0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

0

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES
CERTAIN
SHARES (SEE INSTRUCTIONS)

☐

11. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0%

12. TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

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7

CRYPTOLOGIC LIMITED

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(In thousands of US dollars)

(unaudited)

| | For the nine months | |
|---|----------------------------|-------------|
| | ended September 30, | |
| | 2007 | 2006 |
| Retained earnings, beginning of period | \$78,857 | \$73,170 |
| Earnings and comprehensive income | 1,255 | 7,244 |
| Dividends | (5,003) | (1,632) |
| Reduction due to portion of interest to CEC | (6,987) | - |
| Retained earnings, end of period | \$68,122 | \$78,782 |
| The accompanying notes are an integral part of the consolidated interim financial statements. | | |

8

CRYPTOLOGIC LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of US dollars)

(unaudited)

| | For the three months | | For the nine months | |
|------------------------------------|-----------------------------|-------------|----------------------------|-------------|
| | ended September 30, | | ended September 30, | |
| | 2007 | 2006 | 2007 | 2006 |
| Cash provided by (used in): | | | | |
| Operating activities: | | | | |
| Net earnings | \$2,392 | \$7,244 | \$1,255 | \$23,100 |

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Adjustments to reconcile earnings to

cash provided by (used in) operating

| | | | | |
|--|----------|----------|----------|----------|
| activities: | | | | |
| Amortization | 1,714 | 1,039 | 4,840 | 3,402 |
| Future income taxes | 285 | 1 | 1,395 | 776 |
| Minority interest | 208 | - | 208 | - |
| Stock options | 719 | 563 | 3,179 | 1,600 |
| | 5,318 | 8,847 | 10,877 | 28,878 |
| Changes in operating assets and | | | | |
| Accounts receivable and other | (563) | (1,547) | (3,669) | (449) |
| Prepaid expenses | 84 | (1,466) | (1,293) | (4,636) |
| Accounts payable and accrued | 2,751 | 1,436 | (16,644) | 11,148 |
| liabilities: | | | | |
| Income taxes payable | (2,051) | (1,604) | (1,315) | 444 |
| | 5,539 | 5,666 | (12,044) | 35,385 |
| Financing activities: | | | | |
| Issue of capital stock | 420 | 362 | 4,050 | 2,965 |
| Dividends paid | (1,670) | (1,632) | (5,003) | (4,209) |
| | (1,250) | (1,270) | (953) | (1,244) |
| Investing activities: | | | | |
| Acquisition of business and intangible | (6,256) | - | (18,028) | - |
| assets | | | | |
| Purchase of capital assets | (3,829) | (2,061) | (11,524) | (4,027) |
| (Sale)/Purchase of Long term investments | (500) | - | (500) | - |
| (Sale) /Purchase of Short term investments | 31,000 | (4,451) | 26,000 | (69,205) |
| | 20,415 | (6,512) | (4,052) | (73,232) |
| Increase (decrease) in cash and cash equivalents | 24,704 | (2,116) | (17,049) | (39,091) |
| Cash and cash equivalents, beginning of period | 35,187 | 57,445 | 76,940 | 94,420 |
| Cash and cash equivalents, end of period | \$59,891 | \$55,329 | \$59,891 | \$55,329 |
| Supplemental cash flow information: | | | | |
| Non cash portion of options exercised | \$220 | \$115 | \$1,584 | \$751 |

The accompanying notes are an integral part of the consolidated interim financial statements.

9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at September 30, 2007

(unaudited)

(All figures are in thousands of US dollars, except per share disclosure and where otherwise indicated)

1. Basis of Presentation and Re-organization

These consolidated interim financial statements of CryptoLogic Limited (the Company) have been prepared in accordance with Canadian generally accepted accounting principles (GAAP). Pursuant to a business reorganization implemented by way of an Ontario, Canada court approved plan of arrangement (the Arrangement) and approved by the shareholders on May 24, 2007, the Company acquired control over all of the issued and outstanding common shares of CryptoLogic Inc., an Ontario company, which through the Arrangement became an indirect subsidiary of CryptoLogic Limited. As part of the arrangement, the Company issued equivalent amount of CryptoLogic Limited Common Share or exchangeable shares of CryptoLogic Exchange Corporation (CEC), an indirect subsidiary of the Company, to taxable Canadian residents. The CEC shares are, as nearly as practicable, the economic equivalent of CryptoLogic Limited Shares. These CEC shares participate equally in voting and dividends with the shareholders of the Company. No additional shares of CEC will be issued after June 1, 2007. For accounting purposes, the arrangement is accounted for using the continuity of interest method, which recognizes the Company as the successor entity to CryptoLogic Inc. Accordingly, these consolidated interim financial statements reflect the financial position, results of operations and cashflows as if the Company has always carried on the business formerly carried on by CryptoLogic Inc. with all assets and liabilities recorded at the carrying values of CryptoLogic Inc. The interest held by CEC shareholders has been presented as a minority interest in these consolidated interim financial statements.

These interim consolidated financial statements have been prepared using the same accounting policies as were used for the audited consolidated financial statements of Cryptologic Inc. for the year ended December 31, 2006, except as described in Note 2. These interim consolidated financial statements do not contain all annual disclosures required by GAAP and, as such, should be read in conjunction with the audited consolidated financial statements including the notes thereto for the year ended December 31, 2006, as set out in the 2006 Annual Report.

2. Significant accounting policies - Financial Instruments

Effective on January 1, 2007, the Company adopted the recommendations of The Canadian Institute of Chartered Accountants Handbook (CICA Handbook) Section 1530, Comprehensive Income; Section 3855, Financial Instruments Recognition and Measurement; Section 3861, Financial Instruments Disclosure and Presentation; and Section 3251, Equity. These sections provide standards for recognition, measurement, disclosure and presentation of financial assets, financial liabilities and non-financial derivatives. Section 1530 provides standards for the reporting and presentation of comprehensive income, which represents the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net income calculated in accordance with Canadian GAAP.

Upon adoption of the new standards on January 1, 2007, the Company classified all cash, cash equivalents, short-term investments and user funds on deposit, as held-for-trading assets which are measured at fair value and the changes in fair value are recognized in earnings. Accounts receivable and other are classified as loans and receivables and measured at amortized costs. Accounts payable and accrued liabilities and user funds held on deposit are classified as other financial liabilities. The Company had neither available for sale, nor held-to-maturity instruments during the nine months ended September 30, 2007.

Section 3855 requires the Company to identify embedded derivatives that require separation from the host contract and measure those embedded derivatives at fair value. Subsequent changes in fair value of embedded derivatives are recognized in earnings in the period the change occurs. The Company has not identified any embedded derivatives that are required to be separated from the host contract.

The Company had no other comprehensive income or loss transactions during the nine months ended September 30, 2007. The adoption of these new sections had no material impact on opening retained earnings.

3. Change in Accounting Estimate

During the three months ended June 30th, 2007, the Company included the benefit of \$1,154 in Operating expense as a result of an adjustment of accrued wages and bonuses that are not expected to be paid out due to reduced levels of current profits. In addition, the Company has reviewed the estimate of amounts required to address jackpot payouts, resulting in the reduction of the liability for jackpot accrual and a corresponding increase in revenue of \$4,473 in the first quarter of 2007.

4. Stock Option Plan

In accordance with the guidelines of the Canadian Institute of Chartered Accountants, the Company has expensed the costs of all stock option grants issued on or after January 1, 2003. On April 2, 2007 the President and CEO of the business was issued 500,000 options. The fair value of the options granted in the nine months ended September 30, 2007 and 2006 was made using the Black-Scholes option pricing model using the following weighted assumptions:

| | <u>2007</u> | <u>2006</u> |
|-----------------------------------|-------------|-------------|
| Dividend yield | 1.90% | 2.00% |
| Risk-free rate | 4.07% | 4.25% |
| Expected volatility | 52.0% | 55.0% |
| Expected life of options in years | 3.0 | 5.0 |

The estimated fair value of options is recorded over the vesting period of the options. The cost of stock option and expense account included in with a corresponding addition to Stock Options in Shareholders' Equity were as follows:

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| | Three months ended September 30, 2007 | Three Months ended September 30, 2006 | Nine months ended September 30, 2007 | Nine months ended September 30, 2006 |
|------------------------|--|--|---|---|
| Operating expense | \$719 | \$563 | \$2,197 | \$1,600 |
| Reorganization expense | - | - | 982 | - |
| Total option expense | \$719 | \$563 | \$3,179 | \$1,600 |

The amount recorded for exercises from Stock Options account was \$220 and \$ 115 in the three months ended September 30, 2007 and 2006, respectively, and \$ 1,584 and \$751 in the nine months ended September 30, 2007 and 2006, respectively. Consideration paid by employees on the exercise of stock options is recorded as Share Capital. Had compensation expense been determined based on the fair value of the employee stock option awards for 2002 grants at the grant dates in accordance with the CICA recommendations, the Company's net earnings and earnings per share for 2007 would not have been impacted as all 2002 grants were fully vested prior to January 1, 2007, however, the 2006 periods would have been changed to the following pro forma amounts:

11

| | Three months ended September 30, 2006 | | Nine months ended September 30, 2006 | |
|---------------------|---------------------------------------|---------------------|--------------------------------------|---------------------|
| | As reported (000) | Pro forma (000) | As reported (000) | Pro forma (000) |
| Earnings | \$7,244 | \$7,134 | \$23,100 | \$22,725 |
| Earnings per share: | | | | |
| Basic | \$0.53 | \$0.52 | \$1.71 | \$1.68 |
| Diluted | \$0.53 | \$0.52 | \$1.68 | \$1.65 |

All outstanding options of CryptoLogic Inc. as of the date of Arrangement were fully assumed by CryptoLogic Limited under the same terms and conditions as originally granted by CryptoLogic Inc.

5. Share capital

Authorized:

Unlimited common shares

Issued and Outstanding:

| CryptoLogic Limited | | | | |
|------------------------------|--------|--------------|---------------------|--------------------|
| Common Shares | | | | |
| <i>In thousands</i> | Issued | Stated Value | Contributed Surplus | Total Stated Value |
| Balance - December 31, 2006 | - | - | - | - |
| Arrangement (see Note 1) | 12,571 | \$30,743 | \$68 | \$30,811 |
| Share exchanged (see Note 1) | 217 | 1,648 | | 1,648 |
| Exercise of stock options | 24 | 659 | | 659 |
| Balance - September 30, 2007 | 12,812 | \$33,050 | \$68 | \$33,118 |

As described in note 1, the Company acquired control over all of the issued and outstanding common shares of CryptoLogic Inc., an Ontario company, which through the Arrangement became an indirect wholly-owned subsidiary of CryptoLogic Limited. As consideration for the acquisition, the Company issued equivalent amount of CryptoLogic Limited Common Share or exchangeable shares of CryptoLogic Exchange Corporation (CEC), an indirect subsidiary of the Company, to taxable Canadian residents. The CEC shares can be exchanged by the holders for an equal number of CryptoLogic Limited common shares at anytime. As at the time of the re-organization, a total of 12.5 million and 1.3 million shares of CryptoLogic Limited and CEC were outstanding, respectively. Since then, a total of 217 shares of CEC have been exchanged, with the remaining 1.1 million shares of CEC being reflected as minority interest as at September 30, 2007.

On June 1, 2014 the Company will redeem all but not less than all of the then outstanding CEC Shares for an amount per share equal to the redemption price which amount will be satisfied through the issuance and delivery of one CryptoLogic Limited common share for each Exchangeable Share. CryptoLogic Limited has issued a special voting share to a third party trustee, the purpose of which is to provide holders of Exchangeable Shares with the right to vote on the Company's matters.

12

6. Normal Course Issuer Bid

In September 2006, the Board of Directors approved the renewal of a share purchase plan, under a Normal Course Issuer Bid, to repurchase and cancel up to 1,350,000 of the Company's outstanding common shares for the period commencing September 29, 2006 and ended September 28, 2007. As at September 30, 2007, the Company had not repurchased any shares from the renewed Normal Course Issuer Bid.

7. Financial Instruments

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Financial instruments, potentially exposing the Company to a concentration of credit risk, interest rate and foreign exchange risk, consist principally of cash, cash equivalents and short term investments. The Company manages credit risk by investing in cash equivalents and short term investments rated as A and R1 or above. All investments are in cash, bank deposits and bank or government short-term papers.

The Company does not believe that the results of operations or cash flows would be affected to any significant degree by a sudden change in market interest rates relative to interest rates on the investments, owing to the relative short term nature of the investments.

In regard to foreign exchange, the Company is to a large degree economically hedged. The Company may engage from time to time in currency hedging, although no hedging has been done in 2007 and 2006.

8. Other Investments

On June 13, 2007, the Company completed an agreement to acquire a minority ownership interest in 568 Network Inc. (568 Inc.) for \$500. 568 Inc. is a developer and distributor of online casual games to the Chinese market. The agreement enables 568 Inc. and CryptoLogic to establish a new China-based venture that will develop and distribute casual, skill-based games for the local and overseas Chinese-language markets. In consideration for its investment in 568 Inc., CryptoLogic received preference shares with voting rights, redeemable at any time at par. Under terms of the agreement, CryptoLogic is required to make additional investments in 568 Inc. of up to \$750 should 568 Inc. achieve certain financial targets. The Company also has the option to increase its ownership interest to a controlling position in 568 Inc. in the future. In addition, the Company has extended a bridge financing of \$100 to 568 Inc. that could potentially be converted to equity at some point in the future.

9. Intangible assets

On August 22, 2007, the Company acquired Casino.co.uk, a gaming portal affiliate, for cash consideration of \$6,257, including \$190 related to the costs of acquisition. The acquisition is accounted for using the purchase method with \$2,753 allocated to the brand name and \$3,504 allocated to goodwill. The brand name is being amortized over a period of 7 years. Additional amounts of up to £625 may be payable if the business achieves certain targets over the period to February 22, 2008. The allocation of the purchase price is preliminary at this time pending finalization of valuations of net identifiable assets acquired. The future tax asset or liability will be included at the time of final assessment.

During the first quarter of 2007, the Company signed an agreement to purchase the poker brand and customer list of Parbet.com, a Norwegian company. The total purchase price paid was \$11,771, with \$11,367 allocated to the brand and \$404 allocated to the customer list. The brand is being amortized over 12 years and the customer list over 5 years.

10. Reorganization

On September 25, 2006, the Company announced a plan to move the corporate head office to Ireland in 2007 to be located closer to customers and markets for its products.

| | Three months ended September 30, | | Nine months ended September 30, | | Since inception to September 30, 2007 |
|--|-------------------------------------|---------|------------------------------------|---------|--|
| | 2007 | 2006 | 2007 | 2006 | |
| Professional fees | - | \$170 | \$3,276 | \$1,129 | \$4,533 |
| Employee severance | - | 1,399 | 587 | 1,399 | 2,529 |
| Employee relocation and recruitment | - | 48 | 1,802 | 88 | 2,303 |
| Reorganization Charges | - | \$1,617 | \$5,665 | \$2,616 | 9,365 |
| Payments since inception | | | | | (6,892) |
| Non cash stock option expense | | | | | (982) |
| Included in Accounts payable and accrued liabilities at September 30, 2007 | | | | | |
| | | | | | \$1,491 |

11. Guarantees

The Company has guaranteed minimum payments for certain intellectual property rights over multiple-year periods, for the amount of \$5,365.

12. Seasonality

Historically, the first and fourth quarters have been CryptoLogic's strongest periods. Revenue in the second and third quarters may decrease as Internet usage moderates in the warmer months of the year as more people are outdoors.

13. Related party transactions

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The Company paid to the law firm in which the Company's Chairman is a partner \$241 and \$152 in the three months ended September 30, 2007 and 2006, respectively, \$796 and \$379 in the nine months ended September 30, 2007 and 2006, respectively. In addition, there was \$44K outstanding as of September 30, 2007.

The Company also paid \$56 to a law firm in which one of its Board Members is a partner for the nine months ended September 30, 2007. There were no comparable amounts paid in 2006. There was \$21K outstanding to this law firm as of September 30, 2007.

14. Comparative figures

Certain of the prior period's figures have been reclassified for consistency with the current period's presentation.

15. Subsequent Events

On October 10, 2007 as part of the requirements of the Maltese Lottery Gaming Authority, the Company provided a letter of guarantee of \$20 million as a pledge of security against \$20 million in player funds. This restricts the Company's use of these funds.

On November 8th, 2007, the Company agreed to acquire an initial position in Mikoishi Studios, one of Asia's best-known game development and design companies. CryptoLogic has the option of increasing its stake in Mikoishi in the future.
