

BALDWIN TECHNOLOGY CO INC

Form 10-Q

February 17, 2009

Table of Contents

**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, 2008**

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, 2009
Class A Common Stock \$0.01 par value	14,196,577
Class B Common Stock \$0.01 par value	1,142,555

**BALDWIN TECHNOLOGY COMPANY, INC.
INDEX**

	Page
Part I	Financial Information
Item 1	Financial Statements
	<u>Consolidated Balance Sheets at December 31, 2008 (unaudited) and June 30, 2008</u>
	1-2
	<u>Consolidated Statements of Income for the three and six months ended December 31, 2008 (unaudited) and 2007 (unaudited)</u>
	3
	<u>Consolidated Statements of Changes in Shareholders' Equity for the six months ended December 31, 2008 (unaudited)</u>
	4
	<u>Consolidated Statements of Cash Flows for the six months ended December 31, 2008 (unaudited) and 2007 (unaudited)</u>
	5-6
	<u>Notes to Consolidated Financial Statements (unaudited)</u>
	7-14
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	15-22
Item 3	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	23
Item 4	<u>Controls and Procedures</u>
	23
Part II	<u>Other Information</u>
Item 1A	<u>Risk Factors</u>
	24
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	24
Item 4	<u>Submission of Matters to a Vote of Security Holders</u>
	24
Item 5	<u>Other Events</u>
	25
Item 6	<u>Exhibits</u>
	25
<u>Signatures</u>	27
	<u>EX-10.26: EMPLOYMENT AGREEMENT</u>
	<u>EX-10.27: EMPLOYMENT AGREEMENT</u>
	<u>EX-10.28: AMENDMENT TO EMPLOYMENT AGREEMENT</u>
	<u>EX-10.29: AMENDMENT TO EMPLOYMENT AGREEMENT</u>
	<u>EX-10.30: AMENDMENT TO EMPLOYMENT AGREEMENT</u>
	<u>EX-10.31: AMENDMENT TO EMPLOYMENT AGREEMENT</u>
	<u>EX-31.01: CERTIFICATION</u>
	<u>EX-31.02: CERTIFICATION</u>

EX-32.01: CERTIFICATION

EX-32.02: CERTIFICATION

EX-99.1: EARNING RELEASE

Table of Contents

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

	December 31, 2008 (unaudited)	June 30, 2008
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,034	\$ 9,333
Accounts receivable trade, net of allowance for doubtful accounts of \$1,001 (\$1,180 at June 30, 2008)	35,912	42,262
Notes receivable, trade	7,084	7,303
Inventories	27,383	31,804
Deferred taxes, net	1,312	1,497
Prepaid expenses and other	6,578	7,016
Total current assets	92,303	99,215
MARKETABLE SECURITIES:		
(Cost \$601 at December 31, 2008 and \$594 at June 30, 2008)	414	591
PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	1,130	1,408
Machinery and equipment	6,559	7,257
Furniture and fixtures	5,062	5,479
Capital leases	236	269
	12,987	14,413
Less: Accumulated depreciation	(7,603)	(8,254)
Net property, plant and equipment	5,384	6,159
INTANGIBLES, less accumulated amortization of \$8,537 (\$8,100 at June 30, 2008)	11,573	11,949
GOODWILL, less accumulated amortization of \$4,068 (\$3,765 at June 30, 2008)	26,815	27,751
DEFERRED TAXES, NET	7,333	6,858
OTHER ASSETS	6,861	7,135
TOTAL ASSETS	\$ 150,683	\$ 159,658

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

Table of Contents

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

	December 31, 2008 (unaudited)	June 30, 2008
CURRENT LIABILITIES:		
Loans payable	\$ 4,409	\$ 3,767
Current portion of long-term debt	3,248	3,472
Accounts payable, trade	15,153	23,376
Notes payable, trade	9,466	8,661
Accrued salaries, commissions, bonus and profit-sharing	5,808	9,572
Customer deposits	2,809	1,001
Accrued and withheld taxes	1,526	2,104
Income taxes payable	1,616	1,070
Other accounts payable and accrued liabilities	11,536	15,100
Total current liabilities	55,571	68,123
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	22,158	17,963
Other long-term liabilities	12,290	11,959
Total long-term liabilities	34,448	29,922
Total liabilities	90,019	98,045
Commitments and contingencies		
SHAREHOLDERS EQUITY:		
Class A Common Stock, \$.01 par, 45,000,000 shares authorized, 14,196,577 shares issued at December 31, 2008 and 14,139,734 at June 30, 2008	142	142
Class B Common Stock, \$.01 par, 4,500,000 shares authorized, 1,142,555 shares issued at December 31, 2008 and at June 30, 2008	11	11
Capital contributed in excess of par value	46,842	46,398
Accumulated earnings	10,957	9,284
Accumulated other comprehensive income	2,712	5,778
Total shareholders equity	60,664	61,613
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	\$ 150,683	\$ 159,658

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

Table of Contents

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,	
	2008	2007	2008	2007
Net Sales	\$ 46,259	\$ 57,931	\$ 102,196	\$ 111,860
Cost of goods sold	31,886	39,963	70,488	76,646
Gross Profit	14,373	17,968	31,708	35,214
Operating Expenses:				
General and administrative	5,074	6,070	10,969	11,655
Selling	4,117	4,553	8,379	8,646
Engineering and development	3,862	4,913	8,549	9,329
Restructuring	681	960	681	960
	13,734	16,496	28,578	30,590
Operating income	639	1,472	3,130	4,624
Other (income) expense:				
Interest expense	557	794	1,250	1,564
Interest income	(12)	(69)	(18)	(137)
Other (income) expense, net	(846)	(27)	(1,249)	45
	(301)	698	(17)	1,472
Income before income taxes	940	774	3,147	3,152
Provision for income taxes	477	510	1,474	1,849
Net income	\$ 463	\$ 264	\$ 1,673	\$ 1,303
Net income per share basic and diluted				
Income per share basic	\$ 0.03	\$ 0.02	\$ 0.11	\$ 0.08
Income per share diluted	\$ 0.03	\$ 0.02	\$ 0.11	\$ 0.08
Weighted average shares outstanding:				
Basic	15,332	15,486	15,307	15,461
Diluted	15,408	15,866	15,435	15,869

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Table of Contents

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

	Class A		Class B		Capital	Accumulated	Treasury Stock		Comprehensive Income (Loss) for the Six Months Ended December 31, 2007		
	Common Stock Shares	Amount	Common Stock Shares	Amount	Contributed in Excess of Par	Accumu- lated Earnings	Other Comprehensive Income (Loss)	Shares		Amount	
Balance at June 30, 2008	14,139,734	\$ 142	1,142,555	\$ 11	\$ 46,398	\$ 9,284	\$ 5,778	0	0		
Net income for the six months ended December 31, 2008						1,673				\$ 1,673	\$ 1,300
Translation adjustment							(2,645)			(2,645)	1,970
Extension and other							(247)			(247)	
Unrealized gain (loss) on available-for-sale securities, net of tax							(174)			(174)	(700)
Amortization stock based compensation					626						
Comprehensive income (loss)										\$ (1,393)	\$ 3,200
Purchase of shares								(85,365)	(157)		
Retirement of treasury shares	(98,276)	(1)			(182)			98,276	183		
Shares issued under stock incentive plan	155,119	1						(12,911)	(26)		
Balance at December 31, 2008	14,196,577	\$ 142	1,142,555	\$ 11	\$ 46,842	\$ 10,957	\$ 2,712	0	0		

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Table of Contents

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

	For the six months ended December 31,	
	2008	2007
Cash flows from operating activities:		
Net income	\$ 1,673	\$ 1,303
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Depreciation and amortization	1,447	1,269
Accrued retirement pay	281	1
Provision for losses on accounts receivable	55	102
Restructuring charge	681	960
Stock based compensation	626	405
Deferred income taxes	(299)	193
Changes in assets and liabilities, net of businesses acquired:		
Accounts and notes receivable	4,719	518
Inventories	2,429	(2,147)
Prepaid expenses and other	461	(1,300)
Other assets	(16)	370
Customer deposits	2,045	(2,706)
Accrued compensation	(2,859)	(1,598)
Payment of restructuring charges	(624)	(133)
Payment of integration costs	(165)	(656)
Accounts and notes payable, trade	(8,177)	(2,686)
Income taxes payable	350	1,100
Accrued and withheld taxes	(578)	(17)
Other accounts payable and accrued liabilities	(2,064)	(2,209)
Interest payable	34	7
Net cash provided (used) by operating activities	19	(7,224)
Cash flows from investing activities:		
Acquisition related payments		(446)
Additions of property, plant and equipment	(548)	(745)
Additions to patents and trademarks	(629)	(639)
Net cash (used for) investing activities	(1,177)	(1,830)
Cash flows from financing activities:		
Long-term and short-term debt borrowings	16,881	5,566
Long-term and short-term debt repayments	(10,948)	(4,378)
Repurchase of common stock	(183)	

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Principal payments under capital lease obligations	(75)	(79)
Proceeds of stock option exercises		92
Other long-term liabilities	43	(44)
Net cash provided by financing activities	5,717	1,157
Effects of exchange rate changes	141	464
Net increase (decrease) in cash and cash equivalents	4,701	(7,433)
Cash and cash equivalents at beginning of period	9,333	16,034
Cash and cash equivalents at end of period	\$	