

INTRICON CORP  
Form 10-Q  
August 14, 2017

UNITED STATES

**SECURITIES AND EXCHANGE COMMISSION**

**WASHINGTON, D.C. 20549**

**FORM 10-Q**

(Mark One)

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

For the quarterly period ended June 30, 2017

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: 1-5005

**INTRICON CORPORATION**

(Exact name of registrant as specified in its charter)

**Pennsylvania**

(State or other jurisdiction of incorporation or organization)

**23-1069060**

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

**1260 Red Fox Road**

**Arden Hills, Minnesota**

(Address of principal executive offices)

**55112**

(Zip Code)

**(651) 636-9770**

(Registrant's telephone number, including area code)

**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 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Edgar Filing: INTRICON CORP - Form 10-Q

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Yes No

The number of outstanding shares of the registrant's common stock, \$1.00 par value, on July 31, 2017 was 6,850,017.

**INTRICON CORPORATION**

**INDEX**

	Page Numbers
<b><u>PART I: FINANCIAL INFORMATION</u></b>	
<b><u>Item 1. Financial Statements</u></b>	
<u>Consolidated Condensed Balance Sheets as of June 30, 2017 (Unaudited) and December 31, 2016</u>	3
<u>Consolidated Condensed Statements of Operations (Unaudited) for the Three and Six Months Ended June 30, 2017 and 2016</u>	4
<u>Consolidated Condensed Statements of Comprehensive Income (Loss) (Unaudited) for the Three and Six Months Ended June 30, 2017 and 2016</u>	5
<u>Consolidated Condensed Statements of Cash Flows (Unaudited) for the Six Months Ended June 30, 2017 and 2016</u>	6
<u>Notes to Consolidated Condensed Financial Statements (Unaudited)</u>	7-16
<b><u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u></b>	16-26
<b><u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u></b>	26
<b><u>Item 4. Controls and Procedures</u></b>	26
<b><u>PART II: OTHER INFORMATION</u></b>	
<b><u>Item 1. Legal Proceedings</u></b>	28
<u>Item 1A. Risk Factors</u>	28
<b><u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	28
<b><u>Item 3. Defaults Upon Senior Securities</u></b>	28
<b><u>Item 4. Mine Safety Disclosures</u></b>	28
<b><u>Item 5. Other Information</u></b>	28

<u>Item 6. Exhibits</u>	29
<u>Signatures</u>	30
<u>Exhibit Index</u>	31

**PART I: FINANCIAL INFORMATION****ITEM 1. Financial Statements****INTRICON CORPORATION****Consolidated Condensed Balance Sheets****(In Thousands, Except Per Share Amounts)**

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<b>(Unaudited)</b>	
Current assets:		
Cash	\$ 363	\$ 667
Restricted cash	632	595
Accounts receivable, less allowance for doubtful accounts of \$190 at June 30, 2017 and \$170 at December 31, 2016	8,208	7,289
Inventories	13,976	12,343
Other current assets	1,074	957
Current assets of discontinued operations	—	123
Total current assets	24,253	21,974
Machinery and equipment	40,522	40,152
Less: Accumulated depreciation	34,165	33,546
Net machinery and equipment	6,357	6,606
Goodwill	10,555	10,555
Intangible assets, net	2,817	2,920
Investment in partnerships	226	146
Other assets, net	1,751	1,557
Total assets	\$ 45,959	\$ 43,758
Current liabilities:		
Current maturities of long-term debt	\$ 2,389	\$ 2,346
Accounts payable	8,825	6,722
Accrued salaries, wages and commissions	2,868	2,413
Other accrued liabilities	1,961	1,914
Liabilities of discontinued operations	—	123
Total current liabilities	16,043	13,518
Long-term debt, less current maturities	8,823	9,284
Other postretirement benefit obligations	479	501

Edgar Filing: INTRICON CORP - Form 10-Q

Accrued pension liabilities	744	737
Other long-term liabilities	714	707
Total liabilities	26,803	24,747
Commitments and contingencies (note 11)		
Shareholders' equity:		
Common stock, \$1.00 par value per share; 20,000 shares authorized; 6,849 and 6,820 shares issued and outstanding at June 30, 2017 and December 31, 2016, respectively	6,849	6,820
Additional paid-in capital	21,908	21,383
Accumulated deficit	(8,451 )	(8,633 )
Accumulated other comprehensive loss	(864 )	(1,014 )
Total shareholders' equity	19,442	18,556
Non-controlling interest	(286 )	455
Total equity	19,156	19,011
Total liabilities and equity	\$ 45,959	\$ 43,758

(a) Assets of Hearing Help Express (HHE), a consolidated variable interest entity, that can only be used to settle obligations of HHE were \$5,471 at June 30, 2017 and \$5,159 at December 31, 2016, respectively. Liabilities of HHE, for which creditors do not have recourse to the general credit of IntriCon, were \$5,023 at June 30, 2017 and \$3,833 at December 31, 2016, respectively.

(See accompanying notes to the consolidated condensed financial statements)

**INTRICON CORPORATION**

**Consolidated Condensed Statements of Operations**

**(In Thousands, Except Per Share Amounts)**

<b>Three Months Ended</b>	<b>Six Months Ended</b>		
<b>June</b>	<b>June</b>	<b>June</b>	<b>June</b>
<b>30,</b>	<b>30,</b>	<b>30,</b>	<b>30,</b>
<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>