

BALDWIN TECHNOLOGY CO INC

Form 10-Q/A

May 23, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q/A
Amendment No. 1**

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

For the quarterly period ended December 31, 2010

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)
203-402-1000

(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 Smaller reporting company
(do not check if a smaller reporting company)

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

Yes No

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, 2011
Class A Common Stock (\$0.01 par value)	14,542,331
Class B Common Stock (\$0.01 par value)	1,092,555

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EXPLANATORY NOTE

Baldwin Technology Company, Inc. (the Company) originally filed its Quarterly Report on Form 10-Q for the quarter ended December 31, 2010 on February 14, 2011. The Company is filing this amendment on Form 10-Q/A to restate its consolidated financial statements and other financial information to properly account for certain revenue and costs related to the Company's Japanese operations that had been improperly recognized and booked. Specifically, the improper revenue cut-off primarily affected the three months ended June 30, 2010 (Q4 in the fiscal year ended June 30, 2010), when revenue and related costs were recorded prematurely and the three months ended September 30, 2010 and the three and six month periods ended December 31, 2010 (Q1 and Q2 of fiscal year ended June 30, 2011) when such sales transactions were fulfilled and revenue earned. As illustrated in the table below, the correction of the above mentioned errors resulted for (i) reduction of net sales and operating income for the three months and year ended June 30, 2010 by \$4,037 and \$1,984, respectively, (ii) increase in net sales and decrease in operating loss in the three months ended September 30, 2010 by \$3,382 and \$1,674, respectively, (iii) increase of net sales and decrease of operating loss for the three months ended December 31, 2010 by \$655 and \$310, respectively, and (iv) increase in net sales and decrease of operating loss for the six months ended December 31, 2010 by \$4,037 and \$1,984, respectively.

	Fiscal Year 2010 (in thousands)		Fiscal Year 2011 (in thousands)	
	For the Year Ended June 30, 2010	Three Months Ended September 30, 2010	Three Months Ended December 31, 2010	Six Months Ended December 31, 2010
Net Sales				
As previously reported	151,818	38,451	42,203	80,654
Correction for improper cutoff	(4,037)	3,382	655	4,037
Restated	147,781	41,833	42,858	84,691
Cost of Sales				
As previously reported	106,682	27,638	29,764	57,402
Correction for improper cutoff	(2,053)	1,708	345	2,053
Restated	104,629	29,346	30,109	59,455
Operating income (loss)				
As previously reported	7,514	(2,585)	(518)	(3,103)
Correction for improper cutoff	(1,984)	1,674	310	1,984
Restated	5,530	(911)	(208)	(1,119)
Net Income (loss)				
As previously reported	5,028	(1,112)	(618)	(1,730)
Correction for improper cutoff	(1,151)	38	858	896

Restated	3,877	(1,074)	240	(834)
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	Fiscal Year 2010 (in thousands)		Fiscal Year 2011 (in thousands)	
	For the Year Ended June 30, 2010	Three Months Ended September 30, 2010	Three Months Ended December 31, 2010	Six Months Ended December 31, 2010
Earnings per share				
As previously reported	\$ 0.32	(0.07)	(0.04)	(0.11)
Correction for improper cutoff	(0.07)	0	0.06	0.06
Restated	\$ 0.25	(0.07)	0.02	(0.05)

There was no impact to previously reported total cash flows from operations, investing or financing activities.

Management determined certain financial amounts reflected in our originally filed Form 10-Q needed to be restated to reflect these adjustments. The amended items have been amended and restated in their entirety. Other than as described above, no other changes have been made to the original Form 10-Q.

As a result of this restatement, we have revised Item 4 and have included new certifications pursuant to Section 302 and 906 of the Sarbanes-Oxley Act of 2002 as reflected in Exhibits 31.01, 31.02, 32.01 and 32.02.

Except as set forth above, this Form 10-Q /A does not modify or update other disclosures in the original Form 10-Q, including the nature and character of such disclosure to reflect events occurring after the filing date of the original Form 10-Q. While we are amending only certain portions of our Form 10-Q, for convenience and ease of reference, we are filing the entire Form 10-Q, except for certain exhibits. The disclosures in this amendment do not reflect events occurring after the filing of the original Form 10-Q. Accordingly, this amendment should be read in conjunction with our other filings made with the Securities and Exchange Commission subsequent to the filing of the originally filed Form 10-Q, including any amendments to those filings, as information in such filings may update or supersede certain information contained in those filings as well as in this amendment.

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

	(Restated) December 31, 2010 (unaudited)	(Restated) June 30, 2010
CURRENT ASSETS:		
Cash and cash equivalents	\$ 15,554	\$ 15,710
Accounts receivable trade, net of allowance for doubtful accounts of \$1,299 (\$1,154 at June 30, 2010)	28,299	22,303
Notes receivable, trade	3,337	2,328
Inventories, net	21,379	20,839
Deferred taxes, net	1,936	1,808
Prepaid expenses and other	3,967	4,453
Total current assets	74,472	67,441
MARKETABLE SECURITIES:		
(Cost \$879 at December 31, 2010 and \$787 at June 30, 2010)	622	500
PROPERTY, PLANT AND EQUIPMENT:		
Land and buildings	1,103	1,139
Machinery and equipment	8,218	7,932
Furniture and fixtures	5,625	4,804
Capital leases	100	95
	15,046	13,970
Less: Accumulated depreciation	(9,397)	(7,875)
Net property, plant and equipment	5,649	6,095
INTANGIBLES, less accumulated amortization of \$11,522 (\$10,572 at June 30, 2010)	11,206	11,099
GOODWILL, less accumulated amortization of \$1,545 (\$1,425 at June 30, 2010)	20,748	20,102
DEFERRED TAXES, NET	9,391	7,712
OTHER ASSETS	5,732	6,343
TOTAL ASSETS	\$ 127,820	\$ 119,292

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

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

	(Restated) December 31, 2010 (unaudited)	(Restated) June 30, 2010
CURRENT LIABILITIES:		
Loans payable	\$ 6,156	\$ 4,525
Current portion of long-term debt	16,095	389
Accounts payable, trade	14,100	14,086
Notes payable, trade	6,180	4,850
Accrued salaries, commissions, bonus and profit-sharing	3,716	3,702
Customer deposits	1,155	1,755
Accrued and withheld taxes	989	1,155
Income taxes payable	1,794	1,019
Other accounts payable and accrued liabilities	8,726	8,720
 Total current liabilities	 58,911	 40,201
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	2,132	16,066
Other long-term liabilities	12,070	12,427
 Total long-term liabilities	 14,202	 28,493
 Total liabilities	 73,113	 68,694
 Commitments and contingencies		
SHAREHOLDERS EQUITY:		
Class A Common Stock, \$0.01 par, 45,000,000 shares authorized, 14,542,331 shares issued at December 31, 2010 and 14,471,363 shares issued at June 30, 2010	145	145
Class B Common Stock, \$0.01 par, 4,500,000 shares authorized, 1,092,555 shares issued at December 31, 2010 and 1,092,555 shares issued at June 30, 2010	11	11
Capital contributed in excess of par value	48,562	48,098
Accumulated earnings	1,185	2,019
Accumulated other comprehensive income	4,804	325
 Total shareholders equity	 54,707	 50,598
 TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	 \$ 127,820	 \$ 119,292

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

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BALDWIN TECHNOLOGY COMPANY, INC.
CONSOLIDATED STATEMENTS OF OPERATION
(in thousands, except per share data)
(Unaudited)

	For the three months ended December 31,		For the six months ended December 31,	
	(Restated) 2010	2009	(Restated) 2010	2009
Net Sales	\$ 42,858	\$ 38,751	\$ 84,691	\$ 74,925
Cost of goods sold	30,109	27,093	59,455	52,847
Gross Profit	12,749	11,658	25,236	22,078
Operating Expenses:				
General and administrative	4,903	4,605	11,055	10,240
Selling	3,916	3,443	7,555	6,767
Engineering and development	3,683	3,503	7,098	6,574
Restructuring	455		647	
Total operating expenses	12,957	11,551	26,355	23,581
Legal settlement gain				9,266
Operating (loss) income	(208)	107	(1,119)	7,763
Other (income) expense:				
Interest expense, net	495	485	1,035	2,200
Other (income) expense, net	(24)	26	148	202
	471	511	1,183	2,402
(Loss) income before income taxes	(679)	(404)	(2,302)	5,361
(Benefit) provision for income taxes	(919)	12	(1,468)	1,879
Net (loss) income	\$ 240	\$ (416)	\$ (834)	\$ 3,482
Net (loss) income per share basic and diluted				
(Loss) income per share basic	\$ 0.02	\$ (0.03)	\$ (0.05)	\$ 0.23
(Loss) income per share diluted	\$ 0.02	\$ (0.03)	\$ (0.05)	\$ 0.23
Weighted average shares outstanding:				
Basic	15,604	15,461	15,586	15,421

Diluted	15,981	15,461	15,586	15,472
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The accompanying notes to consolidated financial statements are an integral part of these financial statements.

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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	Accumulated		Comprehensive	
	Common Stock	Common Stock	Common Stock	Common Stock	Contributed	Other	Treasury	Income for	the Six Months
	Shares	Amount	Shares	Amount	in	of Accumulated	Stock	2010	2009
					Excess	Earnings			
					of Accumulated	Income	Shares	Amount	ended
					Par				December 31,
Balance at June 30, 2010	14,471,363	\$ 145	1,092,555	\$ 11	\$ 48,098	\$ 2,019	\$ 325	0	0
Net loss for the six months ended December 31, 2010 (restated)						(834)			\$ (834) \$ 3,482
Translation adjustment							4,284		4,284 761
Unrealized loss on available-for-sale securities, net of tax							17		17 (52)
Recognition of pension funded status, net of tax							178		178 233
Comprehensive Income (restated)									
Amortization of stock based compensation					501				\$ 3,645 \$ 4,424
Shares surrendered as payment of tax withholding							(29,270)	(37)	
Retirement of treasury stock	(29,270)				(37)		29,270	37	
Shares issued under stock option plan	100,238								
Balance at December 31,	14,542,331	\$ 145	1,092,555	\$ 11	\$ 48,562	\$ 1,185	\$ 4,804	0	0

2010 (restated)

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

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

	For the six months ended December 31,	
	(Restated)	
	2010	2009
Cash flows from operating activities:		
Net (loss) income	\$ (834)	\$ 3,482
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Depreciation and amortization	1,450	1,331
Legal settlement gain		(9,266)
Deferred financing charge	118	1,183
Proceeds from legal settlement		9,560
Provision for losses on accounts receivable	346	404
Restructuring charges	647	
Stock compensation costs	501	448
Non-cash deferred compensation charges	871	
Deferred income taxes	(1,663)	(68)
Loss on disposal of fixed assets	80	
Changes in assets and liabilities:		
Accounts and notes receivable, trade		