

INNODATA ISOGEN INC
Form 10-Q
May 04, 2012

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended March 31, 2012

OR

o **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: **0-22196**

INNODATA ISOGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware	13-3475943
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

Three University Plaza	07601
Hackensack, New Jersey	(Zip Code)
(Address of principal executive offices)	

(201) 371-8000

(Registrant's telephone number, including area code)

[None]

(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

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

Yes No

The number of outstanding shares of the registrant’s common stock, \$.01 par value, as of April 20, 2012 was 24,766,609.

INNODATA ISOGEN, INC. AND SUBSIDIARIES

For the Quarter Ended March 31, 2012

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INNODATA ISOGEN, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(in thousands, except share data)**

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 18,224	\$ 11,389
Short term investments - other	4,805	5,828
Accounts receivable, net	19,083	21,706
Prepaid expenses and other current assets	2,521	2,984
Deferred income taxes	1,472	1,934
Total current assets	46,105	43,841
Property and equipment, net	8,793	7,430
Other assets	3,862	3,565
Deferred income taxes	3,685	3,886
Goodwill	675	675
Total assets	\$ 63,120	\$ 59,397
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,693	\$ 1,528
Accrued expenses	3,514	4,345
Accrued salaries, wages and related benefits	6,578	6,596
Income and other taxes	2,848	2,576
Current portion of long term obligations	587	639
Deferred income taxes	10	9
Total current liabilities	15,230	15,693
Deferred income taxes	153	153
Long term obligations	3,076	2,944
Commitments and contingencies		
Non-controlling interests	(1,179)	(561)
STOCKHOLDERS' EQUITY:		
Serial preferred stock; 5,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value; 75,000,000 shares authorized; 26,313,000 shares issued and 24,767,000 outstanding at March 31, 2012 and 26,237,000 shares issued and 24,691,000 outstanding at December 31, 2011	263	262
Additional paid-in capital	21,876	21,338
Retained earnings	28,315	24,883
Accumulated other comprehensive loss	(326)	(1,027)
	50,128	45,456

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Less: treasury stock, 1,546,000 shares at cost	(4,288)	(4,288)
Total stockholders' equity	45,840	41,168
Total liabilities and stockholders' equity	\$63,120	\$ 59,397

See notes to condensed consolidated financial statements.

INNODATA ISOGEN, INC. AND SUBSIDIARIES**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(LOSS)****(Unaudited)****(In thousands, except per share amounts)**

	Three Months Ended March 31,	
	2012	2011
Revenues	\$25,136	\$14,701
Operating costs and expenses:		
Direct operating costs	16,105	10,673
Selling and administrative expenses	5,400	4,053
Interest income, net	(91)	(109)
Totals	21,414	14,617
Income before provision for income taxes	3,722	84
Provision for income taxes	908	69
Net income	2,814	15
Loss attributable to non-controlling interests	618	-
Net income attributable to Innodata Isogen, Inc. and Subsidiaries	\$3,432	\$15
Income per share attributable to Innodata Isogen, Inc. and Subsidiaries:		
Basic	\$0.14	\$-
Diluted	\$0.13	\$-
Weighted average shares outstanding:		
Basic	24,459	25,155
Diluted	25,974	25,414
Comprehensive Income (Loss):		
Net income attributable to Innodata Isogen, Inc. and Subsidiaries	\$3,432	\$15
Pension liability adjustment, net of taxes	8	9
Change in fair value of derivatives, net of taxes of \$407 and \$(40) for the three months ended March 31, 2012 and 2011, respectively	693	(86)
Comprehensive income (loss) attributable to Innodata Isogen, Inc. and Subsidiaries	\$4,133	\$(62)

See notes to condensed consolidated financial statements.

INNODATA ISOGEN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

	Three Months Ended March 31,	
	2012	2011
Cash flow from operating activities:		
Net income	\$2,814	\$15
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	925	800
Stock-based compensation	279	74
Deferred income taxes	256	(442)
Pension cost	159	140
Changes in operating assets and liabilities:		
Accounts receivable	2,623	385
Prepaid expenses and other current assets	463	356
Other assets	(481)	(35)
Accounts payable and accrued expenses	434	(124)
Accrued salaries, wages and related benefits	(18)	(62)
Income and other taxes	272	67
Net cash provided by operating activities	7,726	1,174
Cash flow from investing activities:		
Capital expenditures	(2,104)	(519)
Sale (purchase) of investments – other	1,023	(346)
Net cash used in investing activities	(1,081)	(865)
Cash flow from financing activities:		
Proceeds from exercise of stock options	260	-
Payment of long term obligations	(70)	(50)
Net cash provided by (used in) financing activities	190	(50)
Net increase in cash and cash equivalents	6,835	259
Cash and cash equivalents, beginning of period	11,389	14,120
Cash and cash equivalents, end of period	\$18,224	\$14,379
Supplemental disclosures of cash flow information:		

Cash paid for income taxes	\$369	\$283
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See notes to condensed consolidated financial statements

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INNODATA ISOGEN, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

THREE MONTHS ENDED MARCH 31, 2012 AND 2011

(Unaudited)

(In thousands)

	Common Stock		Additional	Retained	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
	Shares	Amount	Paid-in Capital	Earnings			
January 1, 2012	24,691	\$ 262	\$ 21,338	\$ 24,883	\$ (1,027)	\$(4,288)	\$ 41,168
Net income	-	-	-	3,432	-	-	3,432
Stock-based compensation	-	-	279	-	-	-	279
Issuance of common stock upon exercise of stock options	80	1	259	-	-	-	260
Restricted shares withheld for taxes	(4)	-	-	-	-	-	-
Pension liability adjustments, net of taxes	-	-	-	-	-	-	-