

INTRICON CORP  
Form 10-Q  
November 16, 2009  
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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**FORM 10-Q**

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(Mark One)

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

For the quarterly period ended September 30, 2009

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

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**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)

(Registrant's telephone number, including area code) **(651) 636-9770**

N/A

(Former name, former address and former fiscal year, if changed since last report)

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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 ☒

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 October 30, 2009 was 5,463,674 (net of 515,754 treasury shares).

INTRICON CORPORATION

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**INTRICON CORPORATION**  
**Consolidated Condensed Balance Sheets**  
**Assets**

	September 30, 2009 (Unaudited)	December 31, 2008
Current assets:		
Cash	\$ 1,282,200	\$ 249,396
Restricted cash	410,527	385,916
Accounts receivable, less allowance for doubtful accounts of \$261,000 at September 30, 2009 and \$389,000 at December 31, 2008	7,866,353	9,524,743
Inventories	9,368,195	8,852,028
Refundable income tax	85,031	27,645
Note receivable from sale of discontinued operations		225,000
Other current assets	1,164,661	758,193
Total current assets	20,176,967	20,022,921
Machinery and equipment	38,730,099	38,016,681
Less: Accumulated depreciation	31,538,685	30,103,771
Net machinery and equipment	7,191,414	7,912,910
Goodwill	10,504,939	8,266,438
Investment in partnerships	1,166,949	1,386,774
Other assets, net	1,498,395	1,872,774
Total assets	\$ 40,538,664	\$ 39,461,817

(See accompanying notes to the consolidated condensed financial statements)

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**INTRICON CORPORATION**  
**Consolidated Condensed Balance Sheets**  
**Liabilities and Shareholders' Equity**

	September 30, 2009 (Unaudited)	December 31, 2008
Current liabilities:		
Checks written in excess of cash	\$ 517,387	\$ 95,082
Current maturities of long-term debt	1,092,853	1,503,762
Accounts payable	4,410,584	3,149,671
Deferred gain	110,084	120,478
Partnership payable	260,000	260,000
Other accrued liabilities	3,896,267	4,291,704
Total current liabilities	10,287,175	9,420,697
Long-term debt, less current maturities	7,758,156	6,187,923
Other postretirement benefit obligations	669,849	760,608
Long-term Datrix note payable	700,000	
Long-term partnership payable	760,000	760,000
Long-term license agreement payable	75,000	525,000
Deferred income taxes	129,273	155,273
Accrued pension liabilities	562,228	578,388
Deferred gain	632,984	761,456
Total liabilities	21,574,665	19,149,345
Shareholders' equity:		
Common shares, \$1.00 par value per share; 20,000,000 shares authorized; 5,979,428 and 5,858,006 shares issued; 5,463,674 and 5,342,252 shares outstanding at September 30, 2009 and December 31, 2008, respectively.	5,979,428	5,858,006
Additional paid-in capital	14,830,332	14,121,772
Retained earnings (losses)	(408,106)	1,915,334
Accumulated other comprehensive loss	(172,577)	(317,562)
Less: 515,754 common shares held in treasury, at cost	(1,265,078)	(1,265,078)
Total shareholders' equity	18,963,999	20,312,472
Total liabilities and shareholders' equity	\$ 40,538,664	\$ 39,461,817

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(See accompanying notes to the consolidated condensed financial statements)

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**INTRICON CORPORATION**  
**Consolidated Condensed Statements of Operations**  
**(Unaudited)**

	<b>Three Months Ended</b>	
	<b>September 30,</b>	<b>September 30,</b>
	<b>2009</b>	<b>2008</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales, net	\$ 14,215,103	\$ 16,091,043
Cost of sales	11,302,977	12,148,438
Gross margin	2,912,126	3,942,605
Operating expenses:		
Selling expense	847,689	967,119
General and administrative expense	1,349,309	1,702,938
Research and development expense	799,227	783,518
Total operating expenses	2,996,225	3,453,575
Operating (loss) income	(84,099)	489,030
Interest expense	(386,098)	(165,432)
Equity in (loss) of partnerships	(18,788)	37,309
Other income (expense), net	(239,302)	29,709
Income (loss) before income taxes	(728,287)	390,616
Income tax expense	7,960	81,847
Net (loss) income	\$ (736,247)	\$ 308,769
Earnings (loss) per share:		
Basic	\$ (0.14)	\$ .06
Diluted	\$ (0.14)	\$ .06
Average shares outstanding:		
Basic	5,412,100	5,314,760
Diluted	5,412,100	5,452,669

(See accompanying notes to the consolidated condensed financial statements)

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**INTRICON CORPORATION**  
**Consolidated Condensed Statements of Operations**  
**(Unaudited)**

	Nine Months Ended	
	September 30, 2009 (Unaudited)	September 30, 2008 (Unaudited)
Sales, net	\$ 41,521,521	\$ 50,207,550
Cost of sales	33,383,151	38,165,838
Gross margin	8,138,370	12,041,712
Operating expenses:		
Selling expense	2,477,809	2,948,380
General and administrative expense	4,505,420	5,090,273
Research and development expense	2,466,403	2,438,750
Total operating expenses	9,449,632	10,477,403
Operating (loss) income	(1,311,262)	1,564,309
Interest expense	(635,474)	(547,138)
Equity in (loss) earnings of partnerships	(219,825)	58,875
Other expense, net	(170,993)	(19,084)
Income (loss) before income taxes	(2,337,554)	1,066,005
Income tax (benefit) expense	(14,114)	197,462
Net (loss) income	\$ (2,323,440)	\$ 868,543
Earnings (loss) per share:		
Basic	\$ (0.43)	\$ .16
Diluted	\$ (0.43)	\$ .16
Average shares outstanding:		
Basic	5,369,767	5,309,418
Diluted	5,369,767	5,549,926

(See accompanying notes to the consolidated condensed financial statements)



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**INTRICON CORPORATION**  
**Consolidated Condensed Statements of Cash Flows**  
**(Unaudited)**