

BALLANTYNE STRONG, INC.
Form 10-Q
August 08, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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: 1-13906

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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 [X]

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date:

Class	Outstanding as of August 4, 2017
Common Stock, \$.01, par value	14,416,040 shares

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PART I. Financial Information**Item 1. Financial Statements****Ballantyne Strong, Inc. and Subsidiaries****Condensed Consolidated Balance Sheets****(In thousands, except par values)**

	June 30, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,800	\$ 7,596
Accounts receivable (net of allowance for doubtful accounts of \$1,482 and \$1,097, respectively)	16,943	16,316
Inventories:		
Finished goods, net	1,261	1,341
Work in process	418	247
Raw materials and components, net	5,285	4,975
Total inventories, net	6,964	6,563
Recoverable income taxes	1,041	672
Deposit on equipment to be leased	2,500	—
Other current assets	1,996	1,746
Current assets held for sale	—	188
Total current assets	32,244	33,081
Property, plant and equipment (net of accumulated depreciation of \$7,968 and \$7,066, respectively)	11,187	11,187
Equity method investments	18,134	13,098
Intangible assets, net	3,641	2,357
Goodwill	920	889
Notes receivable	1,669	1,669
Deferred income taxes	—	84
Other assets	165	74
Total assets	\$ 67,960	\$ 62,439
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,062	\$ 5,175
Accrued expenses	3,793	4,097
Short-term debt	2,500	—
Current portion of long-term debt	63	—
Customer deposits/deferred revenue	3,201	4,211
Income tax payable	198	108
Current liabilities held for sale	—	57

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Total current liabilities	16,817	13,648
Long-term debt, net of current portion	1,899	—
Deferred revenue	1,226	1,226
Deferred income taxes	2,704	1,841
Other accrued expenses, net of current portion	491	570
Total liabilities	23,137	17,285
Stockholders' equity:		
Preferred stock, par value \$.01 per share; authorized 1,000 shares, none outstanding	—	—
Common stock, par value \$.01 per share; authorized 25,000 shares; issued 17,210 and 17,047 shares at June 30, 2017 and December 31, 2016, respectively; 14,416 and 14,268 shares outstanding at June 30, 2017 and December 31, 2016, respectively	169	169
Additional paid-in capital	40,121	39,758
Accumulated other comprehensive income:		
Foreign currency translation	(4,891)	(5,709)
Postretirement benefit obligations	97	97
Unrealized gain on available-for-sale securities of equity method investment	315	136
Retained earnings	27,598	29,187
	63,409	63,638
Less 2,794 and 2,779 of common shares in treasury, at cost at June 30, 2017 and December 31, 2016, respectively	(18,586)	(18,484)
Total stockholders' equity	44,823	45,154
Total liabilities and stockholders' equity	\$ 67,960	\$ 62,439

See accompanying notes to condensed consolidated financial statements.

Ballantyne Strong, Inc. and Subsidiaries

Condensed Consolidated Statements of Operations

Three and Six Months Ended June 30, 2017 and 2016

(In thousands, except per share data)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net product sales	\$12,917	\$14,862	\$25,493	\$26,597
Net service revenues	6,483	5,696	11,832	11,075
Total net revenues	19,400	20,558	37,325	37,672
Cost of products sold	10,429	11,280		