

INNODATA ISOGEN INC
Form 10-Q
May 08, 2008

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

FORM 10-Q

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

For the quarterly period ended March 31, 2008

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: **0-22196**

INNODATA ISOGEN, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-3475943

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

**Three University Plaza
Hackensack, New Jersey**

(Address of principal executive offices)

07601

(Zip Code)

(201) 371-2828

(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 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 30, 2008 was 24,725,791.

INNODATA ISOGEN, INC. AND SUBSIDIARIES
For the Quarter Ended March 31, 2008

INDEX

		Page No.
Part I – Financial Information		
Item 1.	Condensed Consolidated Financial Statements (Unaudited):	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Operations	2
	Condensed Consolidated Statements of Cash Flows	3
	Condensed Consolidated Statement of Stockholders' Equity	4
	Notes to Condensed Consolidated Financial Statements	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	15
Item 3.	Quantitative and Qualitative Disclosures about Market Risks	22
Item 4.	Controls and Procedures	22
Part II – Other Information		
Item 1.	Legal Proceedings	23
Item 1A.	Risk Factors	23
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	23
Item 3.	Default Upon Senior Securities	23
Item 4.	Submission of Matters to a Vote of Security Holders	23
Item 5.	Other Information	23
Item 6.	Exhibits	24
Signatures		25

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

	March 31, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,053	\$ 14,751
Accounts receivable, net	9,780	10,673
Prepaid expenses and other current assets	2,633	2,117
Refundable income taxes	4	453
Deferred income taxes	160	202
Total current assets	28,630	28,196
Property and equipment, net	7,356	7,160
Other assets	3,122	2,037
Deferred income taxes	476	381
Goodwill	675	675
Total assets	\$ 40,259	\$ 38,449
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,380	\$ 1,973
Accrued expenses	2,779	2,227
Accrued salaries, wages and related benefits	4,679	5,244
Income and other taxes	1,947	2,053
Current portion of long term obligations	919	370
Total current liabilities	11,704	11,867
Deferred income taxes	1,156	1,224
Long term obligations	3,296	2,128
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Serial preferred stock; 5,000,000 shares authorized, none outstanding	-	-
Common stock, \$.01 par value; 75,000,000 shares authorized; 24,907,000 issued and 24,725,000 outstanding at March 31, 2008; and 24,881,000 shares issued and 24,699,000 outstanding at December 31, 2007	249	249
Additional paid-in capital	16,433	16,323
Retained earnings	8,021	7,188
Accumulated other comprehensive loss	(281)	(211)
	24,422	23,549
Less: treasury stock, 182,000 shares at cost	(319)	(319)
Total stockholders' equity	24,103	23,230
Total liabilities and stockholders' equity	\$ 40,259	\$ 38,449

See notes to condensed consolidated financial statements.

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

	Three Months Ended	
	March 31,	
	2008	2007
Revenues	\$ 18,400	\$ 12,729
Operating costs and expenses		
Direct operating costs	13,414	10,044
Selling and administrative expenses	4,232	3,445
Interest (income), net	(56)	(137)
Total	17,590	13,352
Income (loss) before (benefit from) provision for income taxes	810	(623)
(Benefit from) Provision for income taxes	(23)	20
Net income (loss)	\$ 833	\$ (643)
Income (loss) per share:		
Basic and diluted:	\$.03	\$ (.03)
Weighted average shares outstanding:		
Basic	24,724	23,906
Diluted	26,205	23,906

See