

LYDALL INC /DE/
Form 10-Q/A
November 22, 2002
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

**Form 10-Q/A
Amendment Number 1**

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

For the quarterly period ended September 30, 2001

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: 1-7665

LYDALL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

06-0865505
(I.R.S. Employer
Identification No.)

One Colonial Road, Manchester, Connecticut
(Address of principal executive offices)

06040
(zip code)

(860) 646-1233
(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 the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common stock \$.10 par value per share.
Total Shares outstanding November 14, 2002

16,016,930

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Number****Part I. Financial Information**

This amendment to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2001 is being filed to revise the consolidated condensed financial statements, as set forth in Note 10 to the Notes to Consolidated Condensed Financial Statements, from those previously filed on November 14, 2001. In this amendment the disclosures have not been updated other than to reflect the adjustments specifically discussed in Note 10 to the Notes to Consolidated Condensed Financial Statements.

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LYDALL, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS
(In Thousands)

	September 30, 2001	December 31, 2000
	(Restated See Note 10) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 2,622	\$ 2,220
Accounts receivable, net	36,974	39,993
Inventories:		
Finished goods	10,077	9,933
Work in process	6,197	5,820
Raw materials	8,192	6,272
LIFO reserve	(555)	(555)
Total inventories	23,911	21,470
Income taxes receivable	372	2,705
Prepaid expenses	2,250	1,632
Net investment in discontinued operations	1,547	14,285
Assets held for sale	1,654	6,200
Deferred tax assets	7,967	7,290
Total current assets	77,297	95,795
Property, plant and equipment, at cost	132,652	126,711
Accumulated depreciation	(59,375)	(52,291)
	73,277	74,420
Other assets, net	25,943	24,749
Total assets	\$ 176,517	\$ 194,964
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	\$ 8,710	\$ 7,101
Accounts payable	13,149	19,154
Accrued taxes	2,627	844
Accrued payroll and other compensation	3,739	7,244
Liabilities related to assets held for sale		421
Other accrued liabilities	6,660	6,481
Total current liabilities	34,885	41,245
Long-term debt	7,377	24,927
Deferred tax liabilities	10,785	11,183
Other long-term liabilities	6,063	5,856
Commitments and contingencies		
Stockholders equity:		
Preferred stock		
Common stock	2,201	2,196

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Capital in excess of par value	40,858	40,335
Retained earnings	142,754	137,664
Accumulated other comprehensive loss	(6,764)	(6,800)
	<u>179,049</u>	<u>173,395</u>
Treasury stock, at cost	(61,642)	(61,642)
	<u>117,407</u>	<u>111,753</u>
Total stockholders' equity	117,407	111,753
	<u>117,407</u>	<u>111,753</u>
Total liabilities and stockholders' equity	\$ 176,517	\$ 194,964
	<u>\$ 176,517</u>	<u>\$ 194,964</u>

See accompanying Notes to Consolidated Condensed Financial Statements.

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LYDALL, INC.
CONSOLIDATED CONDENSED STATEMENTS OF NET INCOME (LOSS)
AND COMPREHENSIVE INCOME (LOSS)
(In Thousands Except Per-Share Data)

	Three Months Ended September 30,	
	2001	2000
	(Restated See Note 10) (Unaudited)	
Net sales	\$ 53,478	\$ 65,966
Cost of sales	39,087	48,654
Gross margin	14,391	17,312
Selling, product development and administrative expenses	11,168	11,956
Operating income	3,223	5,356
Other (income) expense:		
Investment income	(66)	(5)
Interest expense	241	118
Foreign currency transaction (gains) losses, net	(26)	364
Loss on sale of operations		29,529
Other, net	90	(44)
	239	29,962
Income (loss) from continuing operations before income taxes	2,984	(24,606)
Income tax expense (benefit)	682	(8,639)
Income (loss) from continuing operations	2,302	(15,967)
Discontinued operations:		
Income from operations of discontinued segments, net of tax expense of \$74		241
Income from discontinued operations		241
Net income (loss)	\$ 2,302	(\$ 15,726)
Basic earnings (loss) per common share:		
Continuing operations	\$.14	(\$ 1.01)
Discontinued operations		.02
Net income (loss)	\$.14	(\$.99)
Diluted earnings (loss) per common share:		
Continuing operations	\$.14	(\$ 1.01)
Discontinued operations		.02
Net income (loss)	\$.14	(\$.99)

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Weighted average common shares outstanding	15,917	15,809
Weighted average common shares and equivalents outstanding	16,024	15,809
Net income (loss)	\$ 2,302	(\$ 15,726)
Other comprehensive income (loss), before tax:		
Foreign currency translation adjustments	737	(2,118)
Change in fair value of derivative instrument	(140)	
	<u>597</u>	<u>(2,118)</u>
Other comprehensive income (loss), before tax	597	(2,118)
Income tax (expense) benefit related to items of other comprehensive income (loss)	(209)	736
	<u>388</u>	<u>(1,382)</u>
Other comprehensive income (loss), net of tax	388	(1,382)
Comprehensive income (loss)	\$ 2,690	(\$ 17,108)

See accompanying Notes to Consolidated Condensed Financial Statements.

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**LYDALL, INC.
 CONSOLIDATED CONDENSED STATEMENTS OF NET INCOME (LOSS)
 AND COMPREHENSIVE INCOME (LOSS)
 (In Thousands Except Per-Share Data)**

	Nine Months Ended September 30,	
	2001	2000
	(Restated See Note 10) (Unaudited)	
Net sales	\$ 170,683	\$ 203,964
Cost of sales	123,509	151,466
Gross margin	47,174	52,498