

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **2004-08-12** | Period of Report: **2004-08-12**
SEC Accession No. **0000950135-04-003952**

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FILER

LYNCH CORP

CIK: **61004** | IRS No.: **381799862** | State of Incorporation: **IN** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **001-00106** | Film No.: **04968789**
SIC: **4213** Trucking (no local)

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

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

Date of report (Date of Earliest Event Reported) August 12, 2004

LYNCH CORPORATION

(Exact Name of Registrant as Specified in its Charter)

<u>Indiana</u> (State or other Jurisdiction of Incorporation)	<u>1-106</u> (Commission File Number)	<u>38-1799862</u> (IRS Employer Identification)
50 Kennedy Plaza, Suite 1250, Providence, RI (Address of Principal Executive Offices)		02903 (Zip Code)
Registrant's Telephone Number, Including Area Code:		401-453-2007

Item 12. Results of Operation and Financial Condition.

- (a) Registrant issued a press release announcing its results of operations for the second quarter ending June 30, 2004 on August 12, 2004.

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Lynch Corporation

By: /s/ RAYMOND H. KELLER

RAYMOND H. KELLER
Chief Financial Officer

Date: August 12, 2004



FOR IMMEDIATE RELEASE

CONTACTS

Draft 8: 8/5/04

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Lynch Corporation Announces Second-Quarter Loss

PROVIDENCE, R.I., (Date) – Lynch Corporation (ASE-LGL) today announced a net loss of \$560,000, or \$0.37 per share, for the second quarter of calendar-fiscal 2004, versus a net loss of \$173,000, or \$0.12 per share, for the corresponding period last year. Sales for the second quarter of 2004 were \$6,736,000, up 0.3 percent from \$6,714,000 for the same quarter one year ago. Average shares outstanding were 1,495,500 for the second quarter of 2004, and 1,497,900 for the second quarter of 2003.

The company reported a net loss of \$1,368,000, or \$0.91 per share, for the first half of 2004 compared to a net loss of \$911,000, or \$0.61 per share, for the first half of 2003. Sales for the first half of 2004 were \$13,548,000, up 18.2 percent from sales of \$11,458,000 for the first half of last year. Average shares outstanding were 1,496,300 for the six month period of 2004, and 1,497,900 for the six month period ending June 30, 2003.

Quarter-over-quarter, and year-over-year comparisons were affected by three factors: (1) a \$425,000 expense in 2004 for a possible lawsuit settlement related to Spinnaker Industries, Lynch's consolidated subsidiary until October 2001; (2) a \$134,000 gain in 2003 on the sale of marketable securities; and (3) the expectation that the company would be able to use tax loss

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benefits at a future date of \$43,000 and \$392,000 recorded in the second quarter and six month periods of 2003.

Pro-forma quarter-over-quarter, and six-months over six-months operating losses, as shown on page 5, reconciliation of non-GAAP results, were \$42,000 and \$278,000 respectively in the second quarter of 2004 and 2003, and \$805,000 and \$1,318,000 in the first six months of 2004 and 2003 respectively.

Pro-forma net loss, as shown on page 5, reconciliation of non-GAAP results, was \$135,000 in the second quarter of 2004 compared to a net loss of \$307,000 in the same period of 2003. Six month pro-forma net loss was \$943,000 and \$1,045,000 in 2004 and 2003 respectively.

M-tron' s second quarter 2004 operating profit improved by \$413,000 on \$2,053,000 higher sales, while Lynch Systems' second quarter operating profit declined by \$276,000 on \$2,031,000 less volume. Improvements in the telecommunications sector contributed to M-tron' s six months over six months revenue and operating profit gains of \$3,305,000 and \$698,000 respectively.

Weaknesses in the market for equipment to produce CRT' s and television tubes resulted in Lynch Systems' recording \$1,215,000 less sales and \$175,000 less operating profit in the first six months of 2004.

M-tron' s order backlog has increased since December 31, 2003 by \$500,000 to \$3,300,000. Lynch Systems' backlog improved dramatically since year-end 2003 to \$8,800,000 from \$2,800,000.

Cash and net marketable securities, less debt, was \$2.4 million at June 30, 2004, virtually equal to the \$2.6 million for the same categories at both June 2003 and December 2003.

For more information on the company, contact Raymond H. Keller, Vice President and Chief Financial Officer, Lynch Corporation, 50 Kennedy Plaza, Suite 1250, Providence, RI 02903-2360, (401) 453-2007, ray.keller@lynch-mail.com, or visit the company's Web site: <http://www.lynchcorp.com>.

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Caution Concerning Forward Looking Statements

This document includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors. More detailed information about those factors is contained in Lynch Corporation's filings with the Securities and Exchange Commission.

LYNCH CORPORATION
STATEMENTS OF OPERATIONS
(Dollars In Thousands, Except Per Share Data)

PRESS RELEASE

	Three Months Ended June 30,		Six Months Ended June 30,	
	2004	2003	2004	2003
SALES				
M-tron	\$ 5,585	\$ 3,532	\$ 10,098	\$ 6,793
Lynch Systems	1,151	3,182	3,450	4,665
Consolidated Total	<u>6,736</u>	<u>6,714</u>	<u>13,548</u>	<u>11,458</u>
EARNINGS (LOSS) BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)				
M-tron	538	168	727	198
Lynch Systems	(72)	231	(406)	(196)
EBITDA from Operations	466	399	321	2
Corporate expenses – net	(656)	(355)	(1,000)	(702)
Consolidated Total	<u>\$ (190)</u>	<u>\$ 44</u>	<u>\$ (679)</u>	<u>\$ (700)</u>
OPERATING PROFIT (LOSS)				
M-tron	\$ 407	\$ (6)	\$ 469	\$ (229)
Lynch Systems	(130)	146	(522)	(337)
Operating Profit (Loss)	277	140	(53)	(566)
Corporate expenses – unallocated	(744)	(418)	(1,177)	(752)
Consolidated Total	<u>(467)</u>	<u>(278)</u>	<u>(1,230)</u>	<u>(1,318)</u>
OTHER INCOME (EXPENSE)				
Investment income	4	153	8	168
Interest expense	(62)	(93)	(113)	(162)
Other income (expense)	(5)	2	22	9
Consolidated Total	<u>(63)</u>	<u>62</u>	<u>(83)</u>	<u>15</u>
LOSS BEFORE INCOME TAXES				
(PROVISION FOR) BENEFIT FROM INCOME TAXES	<u>(30)</u>	<u>43</u>	<u>(55)</u>	<u>392</u>
NET LOSS	<u>\$ (560)</u>	<u>\$ (173)</u>	<u>\$ (1,368)</u>	<u>\$ (911)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	1,495,500	1,497,900	1,496,300	1,497,900
BASIC & DILUTED LOSS PER SHARE:	<u>\$ (0.37)</u>	<u>\$ (0.12)</u>	<u>\$ (0.91)</u>	<u>\$ (0.61)</u>

LYNCH CORPORATION
RECONCILIATION OF NON-GAAP RESULTS
(Dollars in Thousands, Except Per Share Data)

	Three Months Ended June 30		Six Months Ended June 30	
	2004	2003	2004	2003
RECONCILIATION OF NON-GAAP OPERATING (LOSS)				
Consolidated total operating loss as reported	\$ (467)	\$ (278)	\$ (1,230)	\$ (1,318)
Lawsuit settlement provision	425	—	425	—
Non-GAAP consolidated operating (loss)	(42)	(278)	(805)	(1,318)
RECONCILIATION OF NON-GAAP NET (LOSS)				
Net (loss), as reported	(560)	(173)	(1,368)	(911)
Gain on sale of marketable securities	—	(134)	—	(134)
Lawsuit settlement provision	425	—	425	—
Non-GAAP net (loss)	\$ (135)	\$ (307)	\$ (943)	\$ (1,045)
Weighted average shares outstanding	1,495,500	1,497,900	1,496,300	1,497,900
Non-GAAP basic and diluted (loss) per share	\$ (0.09)	\$ (0.20)	\$ (0.63)	\$ (0.70)
RECONCILIATION OF NON-GAAP EBITDA				
Net loss as reported	\$ (560)	\$ (173)	\$ (1,368)	\$ (911)
Provision for (benefit from) income taxes	30	(43)	55	(392)
Interest expense	62	93	113	162
Investment income	(4)	(153)	(8)	(168)
Other income (expense)	5	(2)	(22)	(9)
Operating loss	(467)	(278)	(1,230)	(1,318)
Depreciation and amortization	277	322	551	618
Non-GAAP EBITDA	\$ (190)	\$ 44	\$ (679)	\$ (700)

Quarterly and year-to-date comparisons must take into account non-recurring expenses and gains in both years.

EBITDA is presented because it is a widely accepted financial indicator of value and ability to incur and service debt. EBITDA is not a substitute for operating income or cash flow from operating activities.

LYNCH CORPORATION
SELECTED BALANCE SHEET DATA
(Dollars in Thousands, Except Share Data)

PRESS RELEASE

SELECTED BALANCE SHEET DATA	June 30, 2004	December 31, 2003	June 30, 2003
CASH, AND SHORT TERM INVESTMENTS	\$ 3,055	\$ 3,981	\$ 5,417
RESTRICTED CASH	1,125	1,125	1,125
MARKETABLE SECURITIES, NET OF MARGIN LIABILITY	1,841	1,278	760
WORKING CAPITAL	7,367	7,485 *	8,119
PROPERTY PLANT AND EQUIPMENT – COST	16,051	15,866	16,438
TOTAL ASSETS	21,798	23,019	24,280
TOTAL DEBT	3,648	3,807	4,713
SHAREHOLDERS' EQUITY	9,944	11,033	10,031
BACKLOG – M-TRON	3,300	2,800	2,600
LYNCH SYSTEMS	8,800	2,800	10,000
SHARES OUTSTANDING AT DATE	1,495,483	1,497,883	1,497,883

* December 2003 working capital included current liabilities of \$676 for obligations maturing in one year that are included in long-term liabilities as of June 30, 2004 in the amount of \$639,000 and at and at June 30, 2003 in the amount of \$759,000.