

Hudson Global, Inc.
Form 10-Q
May 07, 2013

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, 2013

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: 000-50129

HUDSON GLOBAL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	59-3547281
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)

560 Lexington Avenue, New York, New York 10022
(Address of principal executive offices) (Zip Code)
(212) 351-7300
(Registrant's telephone number, including area code)

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 definition of "large accelerated filer", "accelerated filer", and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Non-accelerated filer ☐

Accelerated filer ☒

Smaller reporting company ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date.

Class	Outstanding on March 31, 2013
Common Stock - \$0.001 par value	32,625,097

HUDSON GLOBAL, INC.
INDEX

	Page
<u>PART I – FINANCIAL INFORMATION</u>	
Item 1. <u>Financial Statements (Unaudited)</u>	
Condensed Consolidated Statements of Operations and Other Comprehensive Income (Loss) - Three Months Ended March 31, 2013 and 2012	1
Condensed Consolidated Balance Sheets – March 31, 2013 and December 31, 2012	2
Condensed Consolidated Statements of Cash Flows - Three Months Ended March 31, 2013 and 2012	3
Condensed Consolidated Statement of Changes in Stockholders' Equity – Three Months Ended March 31, 2013	4
<u>Notes to Condensed Consolidated Financial Statements</u>	5
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	39
Item 4. <u>Controls and Procedures</u>	39
<u>PART II – OTHER INFORMATION</u>	
Item 1. <u>Legal Proceedings</u>	40
Item 1A. <u>Risk Factors</u>	40
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	40
Item 3. <u>Defaults Upon Senior Securities</u>	40
Item 4. <u>Mine Safety Disclosures</u>	40
Item 5. <u>Other Information</u>	40
Item 6. <u>Exhibits</u>	40
<u>Signatures</u>	41
<u>Exhibit Index</u>	42

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HUDSON GLOBAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND OTHER COMPREHENSIVE INCOME (LOSS)

(in thousands, except per share amounts)

(Unaudited)

	Three Months Ended March 31,	
	2013	2012
Revenue	\$165,678	\$200,590
Direct costs	109,001	127,382
Gross margin	56,677	73,208
Operating expenses:		
Selling, general and administrative expenses	61,589	74,465
Depreciation and amortization	1,648	1,505
Business reorganization expenses	1,982	940
Operating income (loss)	(8,542)	) (3,702)
Non-operating income (expense):		
Interest income (expense), net	(146)	) (161)
Other income (expense), net	270	(4)
Income (loss) before provision for income taxes	(8,418)	) (3,867)
Provision for (benefit from) income taxes	(177)	) (646)
Net income (loss)	\$(8,241)	) \$(3,221)
Earnings (loss) per share:		
Basic	\$(0.25)	) \$(0.10)
Diluted	\$(0.25)	) \$(0.10)
Weighted-average shares outstanding:		
Basic	32,344	31,765
Diluted	32,344	31,765
Comprehensive income (loss):		
Net income (loss)	\$(8,241)	) \$(3,221)
Other comprehensive income (loss):		
Foreign currency translation adjustment, net of income taxes	(1,762)	) 1,790
Amortization of prior service costs - defined benefit pension plan	15	—
Total other comprehensive income (loss), net of income taxes	(1,747)	) 1,790
Comprehensive income (loss)	\$(9,988)	) \$(1,431)

See accompanying notes to condensed consolidated financial statements.

HUDSON GLOBAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(Unaudited)

	March 31, 2013	December 31, 2012
ASSETS		
Current assets:		
Cash and cash equivalents	\$32,510	\$38,653
Accounts receivable, less allowance for doubtful accounts of \$1,135 and \$1,167, respectively	103,023	107,216
Prepaid and other	11,807	11,543
Total current assets	147,340	157,412
Property and equipment, net	18,910	20,050
Deferred tax assets, non-current	10,218	9,816
Other assets	5,984	6,190
Total assets	\$182,452	\$193,468
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$7,878	\$9,292
Accrued expenses and other current liabilities	56,422	55,960
Short-term borrowings	—	—
Accrued business reorganization expenses	2,944	1,916
Total current liabilities	67,244	67,168
Other non-current liabilities	6,959	7,853
Deferred rent and tenant improvement contributions	7,533	8,061
Income tax payable, non-current	3,848	3,845
Total liabilities	85,584	86,927
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.001 par value, 10,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.001 par value, 100,000 shares authorized; issued 32,785 and 33,100 shares, respectively	33	33
Additional paid-in capital	474,046	473,372
Accumulated deficit	(395,268)	(387,027)
Accumulated other comprehensive income	18,789	20,536
Treasury stock, 160 and 79 shares, respectively, at cost	(732)	(373)
Total stockholders' equity	96,868	106,541
Total liabilities and stockholders' equity	\$182,452	\$193,468

See accompanying notes to condensed consolidated financial statements.