

CALGON CARBON CORPORATION  
Form 10-Q/A  
March 27, 2006  
Table of Contents

---

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

---

**FORM 10-Q/A**

---

(Mark One)

**Quarterly report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended September 30, 2005**

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 1-10776

---

**CALGON CARBON CORPORATION**

(Exact name of registrant as specified in its charter)

---

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**P.O. Box 717, Pittsburgh, PA 15230-0717**

(Address of principal executive offices)

(Zip Code)

**25-0530110**  
(I.R.S. Employer

Identification No.)

Edgar Filing: CALGON CARBON CORPORATION - Form 10-Q/A

(412) 787-6700

(Registrant's telephone number, including area code)

(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 91 days. Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes  No

**Applicable only to issuers involved in bankruptcy proceedings during the preceding five years:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

**Applicable only to corporate issuers:**

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

Class	Outstanding at September 30, 2005
Common Stock, \$.01 par value	39,659,975 shares

---

**Table of Contents**

CALGON CARBON CORPORATION

FORM 10-Q/A

QUARTER ENDED SEPTEMBER 30, 2005

EXPLANATORY NOTE

This Amendment No. 1 on Form 10-Q/A for Calgon Carbon Corporation, (the Company) for the three and nine month periods ended September 30, 2005 is being filed to amend and restate the item described below contained in the Company's Quarterly Report on Form 10-Q for such period originally filed with the Securities and Exchange Commission on November 8, 2005. On March 21, 2006, management and the Audit Committee of the Company determined that the Unaudited Condensed Financial Statements for the fiscal quarter ended September 30, 2005 that have been included in the Company's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on November 8, 2005 contained errors and should not be relied upon.

The Company determined that it had failed to record invoices for professional services in a timely manner totaling \$0.3 million and \$1.4 million for the three and nine month periods ended September 30, 2005, respectively.

This Amendment No. 1 amends Part I, Item 1, Financial Statements; Item 2, Management's Discussion and Analysis of Results of Operations and Financial Condition; and Item 4, Controls and Procedures as follows:

To amend Part I, Item 1, Financial Statements, to restate the Company's Unaudited Condensed Consolidated Financial Statements for the three and nine month periods ended September 30, 2005;

To amend Part I, Item 2, Management's Discussion and Analysis of Results of Operations and Financial Condition, to take into account the effects of the restatement; and

To amend Part I, Item 4, Controls and Procedures, to discuss the effects of the restatement on management's evaluation of the effectiveness of the Company's internal controls and procedures.

Pursuant to SEC Rule 12b-15, this Form 10-Q/A sets forth the complete text of each item of Form 10-Q listed above as amended, and includes as Exhibits 31 and 32 new certifications by the Chief Executive Officer and Chief Financial Officer.

In order to preserve the nature and character of the disclosures set forth in such items as originally filed, this Amendment No. 1 does not reflect events occurring after the filing of the original Quarterly Report on Form 10-Q on November 8, 2005, or modify or update the disclosures presented in the original Quarterly Report on Form 10-Q, except to reflect the revisions as described above. Accordingly, this Form 10-Q/A should be read in conjunction with our 2004 Form 10-K and our filings made subsequent to the filing of the original Form 10-Q, including any amendments to those filings.

Additional detail regarding the restatement is included in Note 18 of the Notes to the Consolidated Financial Statements included in Part I, Item 1 of this Amendment No. 1 on Form 10-Q/A.

**Table of Contents**

CALGON CARBON CORPORATION

FORM 10-Q/A

QUARTER ENDED September 30, 2005

The Quarterly Report on Form 10-Q/A contains historical information and forward-looking statements. Statements looking forward in time are included in this Form 10-Q/A pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. They involve known and unknown risks and uncertainties that may cause the Company's actual results in the future to differ from performance suggested herein. A specific example of such uncertainties includes references to reductions in working capital. In the context of forward-looking information provided in this Form 10-Q/A and in other reports, please refer to the discussion of risk factors detailed in, as well as the other information contained in the Company's filings with the Securities and Exchange Commission.

I N D E X

	<b>Page</b>
<b><u>PART I - CONDENSED CONSOLIDATED FINANCIAL INFORMATION</u></b>	
Item 1. <u>Condensed Consolidated Financial Statements</u>	3
<u>Introduction to the Condensed Consolidated Financial Statements</u>	4
<u>Condensed Consolidated Statements of Operations and Retained Earnings (Unaudited) (Restated, See Note 18)</u>	5
<u>Condensed Consolidated Balance Sheets (Unaudited) (Restated, See Note 18)</u>	6
<u>Condensed Consolidated Statements of Cash Flows (Unaudited) (Restated, See Note 18)</u>	7
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	19
Item 2. <u>Management's Discussion and Analysis of Results of Operations and Financial Condition</u>	26
Item 4. <u>Controls and Procedures</u>	27
<b><u>PART II - OTHER INFORMATION</u></b>	27
Item 1. <u>Legal Proceedings</u>	27
Item 6. <u>Exhibits and Reports on Form 8-K</u>	27
<b><u>SIGNATURES</u></b>	28
<b>CERTIFICATIONS</b>	

**Table of Contents**

**PART I CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

**Item 1. Condensed Consolidated Financial Statements**

**INTRODUCTION TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The unaudited interim condensed consolidated financial statements included herein have been prepared by Calgon Carbon Corporation and subsidiaries (the Company), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted pursuant to such rules and regulations. Management of the Company believes that the disclosures are adequate to make the information presented not misleading when read in conjunction with the Company's audited consolidated financial statements and the notes included therein for the year ended December 31, 2004, as filed with the Securities and Exchange Commission by the Company in Form 10-K.

In management's opinion, the unaudited interim condensed consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, which are necessary for a fair presentation, in all material respects, of financial results for the interim periods presented. Operating results for the first nine months of 2005 are not necessarily indicative of the results that may be expected for the year ending December 31, 2005.

**Table of Contents**

## CALGON CARBON CORPORATION

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS**

(Dollars in Thousands Except Share and Per Share Data)

(Unaudited)

	Three Months Ended September 30, 2005 (As Restated, See Note 18)		Nine Months Ended September 30, 2005 (As Restated, See Note 18)	
	2004	2004	2004	2004
Net sales	\$ 76,928	\$ 82,997	\$ 256,655	\$ 251,366
Cost of products sold (excluding depreciation)	58,640	60,234	189,956	179,623
Depreciation and amortization	5,365	5,656	16,871	16,812
Selling, general and administrative expenses	16,008	13,310	47,666	43,001
Research and development expenses	1,074	927	3,313	2,828
Gulf Coast Facility impairment charge (Note 2)			2,158	
Restructuring charge	65		423	
	81,152	80,127	260,387	242,264
Income (loss) from operations	(4,224)	2,870	(3,732)	9,102
Interest income	165	160	558	529
Interest expense	(1,248)	(930)	(3,578)	(2,432)
Other expense net	(634)	(895)	(1,240)	(2,583)
Income (loss) before income taxes, equity income, and minority interest	(5,941)	1,205	(7,992)	4,616
Provision (benefit) for income taxes	(5,191)	(103)	(5,206)	546
Income (loss) before equity income and minority interest	(750)	1,308	(2,786)	4,070
Equity in income (loss) from equity investments	397	(69)	1,020	848
Minority interest		27		48
Net income (loss)	(353)	1,266	(1,766)	4,966
Common stock dividends	(1,190)	(1,171)	(3,555)	(3,512)
Retained earnings, beginning of period	109,026	112,960	112,804	111,601
Retained earnings, end of period	\$ 107,483	\$ 113,055	\$ 107,483	\$ 113,055
Net income (loss) per common share Basic and diluted	\$ (.01)	\$ .03	\$ (.04)	\$ .13
Weighted average shares outstanding Basic	39,569,277	39,054,207	39,421,446	39,038,017
Diluted	39,569,277	39,366,805	39,421,446	39,351,604

The accompanying notes are an integral part of these financial statements



**Table of Contents**

## CALGON CARBON CORPORATION

**CONDENSED CONSOLIDATED BALANCE SHEETS**

(Dollars in Thousands except share data)

(Unaudited)

	September 30, 2005	December 31, 2004
	(As Restated, See Note 18)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 8,179	\$ 8,780
Receivables (net of allowance of \$2,967 and \$3,033)	54,361	61,598
Revenue recognized in excess of billings on uncompleted contracts	6,142	8,978
Inventories	68,751	64,843
Deferred income taxes current	8,076	7,939
Other current assets	6,090	6,957
<b>Total current assets</b>	<b>151,599</b>	<b>159,095</b>
Property, plant and equipment, net	114,305	129,285
Equity investments	9,255	8,135
Intangibles	10,583	12,237
Goodwill	34,982	35,071
Deferred income taxes long-term	14,894	16,578
Other assets	3,407	3,497
<b>Total assets</b>	<b>\$ 339,025</b>	<b>\$ 363,898</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Short-term debt	\$ 83,278	\$ 36,871
Accounts payable and accrued liabilities	25,829	36,871
Billings in excess of revenue recognized on uncompleted contracts	4,086	3,686
Restructuring reserve	424	872
Payroll and benefits payable	12,144	9,244
Accrued income taxes	10,641	12,736
<b>Total current liabilities</b>	<b>136,402</b>	<b>63,409</b>
Long-term debt	2,925	84,600
Deferred income taxes long-term	3,076	8,235
Other liabilities	34,829	39,783
<b>Total liabilities</b>	<b>177,232</b>	<b>196,027</b>
Commitments and contingencies		
Shareholders equity:		
Common shares, \$.01 par value, 100,000,000 shares authorized, 42,447,233 and 41,958,933 shares issued	424	420
Additional paid-in capital	69,844	65,523
Retained earnings	107,483	112,804
Accumulated other comprehensive income	12,247	16,253



Edgar Filing: CALGON CARBON CORPORATION - Form 10-Q/A

Deferred compensation	(1,076)	
	188,922	195,000
Treasury stock, at cost, 2,787,258 shares	(27,129)	(27,129)
<b>Total shareholders' equity</b>	<b>161,793</b>	<b>167,871</b>
Total liabilities and shareholders' equity	\$ 339,025	\$ 363,898

The accompanying notes are an integral part of these financial statements.

**Table of Contents**

## CALGON CARBON CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands)

(Unaudited)

	Nine Months Ended September 30, 2005	
	(As Restated, See Note 18)	2004
<b>Cash flows from operating activities</b>		
Net income (loss)	\$ (1,766)	\$ 4,966
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	16,871	16,812
Non-cash impairment and restructuring charges	2,373	
Equity in income from equity investments	(1,020)	(848)
Distributions received from Calgon Mitsubishi Chemical Corporation	254	
Employee benefit plan provisions	3,327	2,971
Changes in assets and liabilities - net of effects from purchase of business and non-cash impairment and restructuring:		
Decrease (increase) in receivables	6,959	(3,438)
(Increase) decrease in inventories	(6,225)	2,254
Decrease (increase) in revenue in excess of billings on uncompleted contracts and other current assets	3,311	(2,618)
Decrease in restructuring reserve	(393)	(471)
(Decrease) increase in accounts payable and accrued liabilities.	(11,220)	4,396
Decrease in long-term deferred income taxes	(4,412)	(3,924)
Decrease in accrued pensions	(3,711)	(4,279)
Other items net	1,032	(1,261)
Net cash provided by operating activities	5,380	14,560
<b>Cash flows from investing activities</b>		
Purchase of business - net of cash	(856)	(35,250)
Purchase of intangible asset		(667)
Property, plant and equipment expenditures	(8,166)	(11,442)
Proceeds from disposals of property, plant and equipment	1,118	&n