

ARBITRON INC
Form 10-Q
August 07, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended June 30, 2012

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: 1-1969

ARBITRON INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

52-0278528
(I.R.S. Employer
Identification No.)

9705 Patuxent Woods Drive
Columbia, Maryland 21046

(Address of principal executive offices) (Zip Code)

(410) 312-8000

(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 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 (Do not check if a smaller reporting company)

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 registrant had 26,128,753 shares of common stock, par value \$0.50 per share, outstanding as of August 1, 2012.

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We routinely post important information on our website at www.arbitron.com. Information contained on our website is not part of this quarterly report.

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Consolidated Balance Sheets

(In thousands, except par value data)

	June 30, 2012 (Unaudited)	December 31, 2011 (Audited)
Assets		
Current assets		
Cash and cash equivalents	\$ 11,073	\$ 19,715
Trade accounts receivable, net of allowance for doubtful accounts of \$4,208 as of June 30, 2012, and \$4,615 as of December 31, 2011	61,304	62,886
Prepaid expenses and other current assets	7,883	7,141
Short-term equity and other investments	1,703	1,703
Deferred tax assets	5,047	6,398
Total current assets	87,010	97,843
Long-term equity and other investments	11,945	13,210
Property and equipment, net	65,808	70,651
Goodwill, net	45,242	45,430
Other intangibles, net	9,171	10,526
Noncurrent deferred tax assets	1,326	
Other noncurrent assets	1,098	1,308
Total assets	\$ 221,600	\$ 238,968
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 8,667	\$ 10,534
Accrued expenses and other current liabilities	22,695	32,276
Deferred revenue	52,307	37,080
Total current liabilities	83,669	79,890
Noncurrent deferred tax liabilities		1,302
Other noncurrent liabilities	30,243	30,960
Total liabilities	113,912	112,152
Stockholders' equity		
Preferred stock, \$100.00 par value, 750 shares authorized, no shares issued		
Common stock, \$0.50 par value, 500,000 shares authorized, 32,338 shares issued as of June 30, 2012, and December 31, 2011	16,169	16,169
Retained earnings	109,864	128,772
Common stock held in treasury, 6,226 shares as of June 30, 2012, and 5,048 shares as of December 31, 2011	(3,113)	(2,524)
Accumulated other comprehensive loss	(15,232)	(15,601)
Total stockholders' equity	107,688	126,816
Total liabilities and stockholders' equity	\$ 221,600	\$ 238,968

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See accompanying notes to consolidated financial statements.

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Consolidated Statements of Income

(In thousands, except per share data)

(unaudited)

	Three Months Ended June 30,	
	2012	2011
Revenue	\$ 104,407	\$ 95,737
Costs and expenses		
Cost of revenue	63,205	61,025
Selling, general and administrative	20,701	18,656
Research and development	9,896	9,017
Total costs and expenses	93,802	88,698
Operating income	10,605	7,039
Equity in net income of affiliate	5,391	5,453
Income before interest and income tax expense	15,996	12,492
Interest income	11	8
Interest expense	132	104
Income before income tax expense	15,875	12,396
Income tax expense	5,912	4,812
Net income	\$ 9,963	\$ 7,584
Income per weighted-average common share		
Basic	\$ 0.38	\$ 0.28
Diluted	\$ 0.37	\$ 0.27
Weighted-average common shares used in calculations		
Basic	26,318	27,159
Potentially dilutive securities	486	449
Diluted	26,804	27,608
Dividends declared per common share outstanding	\$ 0.10	\$ 0.10

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Income

(In thousands, except per share data)

(unaudited)

	Six Months Ended June 30,	
	2012	2011
Revenue	\$ 210,801	\$ 196,606
Costs and expenses		
Cost of revenue	110,653	106,704
Selling, general and administrative	38,704	35,765
Research and development	19,614	18,012
Total costs and expenses	168,971	160,481
Operating income	41,830	36,125
Equity in net income of affiliate	3,035	2,921
Income before interest and income tax expense	44,865	39,046
Interest income	31	14
Interest expense	261	268
Income before income tax expense	44,635	38,792
Income tax expense	16,865	14,961
Net income	\$ 27,770	\$ 23,831
Income per weighted-average common share		
Basic	\$ 1.04	\$ 0.88
Diluted	\$ 1.02	\$ 0.86
Weighted-average common shares used in calculations		
Basic	26,782	27,119
Potentially dilutive securities	491	483
Diluted	27,273	27,602
Dividends declared per common share outstanding	\$ 0.20	\$ 0.20

See accompanying notes to consolidated financial statements.

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Consolidated Statements of Comprehensive Income

(In thousands)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income	\$ 9,963	\$ 7,584	\$ 27,770	\$ 23,831
Other comprehensive income (loss):				
Foreign currency translation adjustment	(664)	(23)	(271)	(9)
Retirement liabilities:				
Amortization of actuarial loss, net of tax expense of \$205, and \$151 for the three-month periods ended June 30, 2012, and 2011, respectively; and net of a tax expense of \$410 and \$303 for the six-month periods ended June 30, 2012, and 2011, respectively.	318	236	640	472
Other comprehensive income (loss):	(346)	213	369	463
Comprehensive income	\$ 9,617	\$ 7,797	\$ 28,139	\$ 24,294

See accompanying notes to consolidated financial statements.