

DST SYSTEMS INC
Form 10-Q
August 09, 2007

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 **June 30, 2007**

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 1-14036

DST SYSTEMS, INC.

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of
incorporation or organization)

43-1581814

(I.R.S. Employer
Identification No.)

333 West 11th Street, Kansas City, Missouri

(Address of principal executive offices)

64105

(Zip Code)

(816) 435-1000

(Registrant's telephone number, including area code)

No Changes

(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 by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares outstanding of the Company's common stock as of June 30, 2007:

Common Stock \$0.01 par value 63,448,649

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DST Systems, Inc.

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June 30, 2007

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The brand, service or product names or marks referred to in this Report are trademarks or service marks, registered or otherwise, of DST Systems, Inc. or its subsidiaries or affiliates or of vendors to the Company.

DST Systems, Inc.

Form 10-Q

June 30, 2007

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Introductory Comments

The Condensed Consolidated Financial Statements of DST Systems, Inc. ("DST" or the "Company") included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission. Certain information and note disclosures normally included in 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, although the Company believes that the disclosures are adequate to enable a reasonable understanding of the information presented. These Condensed Consolidated Financial Statements should be read in conjunction with the Company's audited financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

The results of operations for the three and six months ended June 30, 2007, are not necessarily indicative of the results to be expected for the full year 2007.

DST Systems, Inc.

Condensed Consolidated Balance Sheet

(unaudited and dollars in millions, except per share amounts)

	June 30, 2007	December 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	\$ 94.3	\$ 60.6
Transfer agency investments	103.2	125.6
Accounts receivable	355.2	369.5
Inventories	16.9	17.9
Deferred income taxes	38.3	39.5
Other assets	76.2	39.4
	684.1	652.5
Investments	1,820.2	1,647.4
Properties	498.7	542.8
Goodwill	113.0	164.7
Intangibles	23.7	41.2
Other assets	65.9	70.5
Total assets	\$ 3,205.6	\$ 3,119.1
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities		
Current portion of long-term debt	\$ 965.6	\$ 948.0
Transfer agency deposits	103.2	125.6
Amounts due under accounts receivable securitization program	200.0	
Accounts payable	87.0	100.0
Accrued compensation and benefits	93.7	94.2
Deferred revenues and gains	71.3	71.5
Other liabilities	126.6	138.2
Income taxes payable		118.8
	1,647.4	1,596.3
Long-term debt	386.2	493.2
Deferred income taxes	436.0	401.6
Income taxes payable	65.3	
Other liabilities	67.2	55.7
	2,602.1	2,546.8
Commitments and contingencies (Note 9)		
Stockholders' equity		
Common stock, \$0.01 par; 400 million shares authorized, 95.3 million shares issued	1.0	1.0
Additional paid-in capital	134.6	120.6
Retained earnings		