

BOISE INC.  
Form 10-Q  
August 06, 2008  
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## UNITED STATES

## SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2008

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: 001-33541

### **Boise Inc.**

(Exact name of registrant as specified in its charter)

Delaware

20-8356960

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(State or other jurisdiction of incorporation or organization)

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

**1111 West Jefferson Street, Suite 200**  
**Boise, Idaho 83702-5388**  
(Address of principal executive offices) (Zip Code)

**(208) 384-7000**

(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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company (as defined in Rule 12b-2 of the Exchange Act):

Large accelerated filer  Accelerated filer  Non-accelerated filer  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

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

Class	Shares Outstanding as of July 31, 2008
Common Stock, \$.0001 Par Value	79,722,147

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All reports we file with the Securities and Exchange Commission (SEC) are available free of charge via Electronic Data Gathering Analysis and Retrieval (EDGAR) through the SEC website at [www.sec.gov](http://www.sec.gov). We also provide copies of our SEC filings at no charge upon request and make electronic copies of our reports available through our website at [www.boiseinc.com](http://www.boiseinc.com) as soon as reasonably practicable after filing such material with the SEC.

Table of Contents**PART 1 FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS****Boise Inc.****(Formerly Aldabra 2 Acquisition Corp., a Corporation in the Development Stage)****Consolidated Statements of Income (Loss)**

(unaudited, in thousands, except for share data)

	<b>Boise Inc.</b>		<b>Predecessor</b>
	<b>Three Months Ended June 30, 2008</b>	<b>Three Months Ended June 30, 2007</b>	<b>Three Months Ended June 30, 2007</b>
<b>Sales</b>			
Trade	\$ 586,583	\$	\$ 403,472
Related parties	31,824		179,150
	618,407		582,622
<b>Costs and expenses</b>			
Materials, labor, and other operating expenses	544,090		503,465
Fiber costs from related parties	7,015		10,280
Depreciation, amortization, and depletion	32,689		30,796
Selling and distribution expenses	14,817		14,545
General and administrative expenses	12,262	18	10,277
Other (income) expense, net	(96)		(3,292)
	610,777	18	566,071
<b>Income (loss) from operations</b>	<b>7,630</b>	<b>(18)</b>	<b>16,551</b>
Foreign exchange gain (loss)	(209)		530
Change in fair value of interest rate derivatives	510		
Interest expense	(26,145)		
Interest income	178	511	157
	(25,666)	511	687
<b>Income (loss) before income taxes</b>	<b>(18,036)</b>	<b>493</b>	<b>17,238</b>
Income tax (provision) benefit	(14)	(224)	(703)
<b>Net income (loss)</b>	<b>\$ (18,050)</b>	<b>\$ 269</b>	<b>\$ 16,535</b>
<b>Weighted average common shares outstanding:</b>			
<b>Basic and diluted</b>	<b>77,259,947</b>	<b>14,444,506</b>	
<b>Net loss per common share:</b>			

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<b>Basic and diluted</b>	\$	(0.23)	\$	0.02	\$
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See accompanying notes to unaudited quarterly consolidated financial statements.

Table of Contents**Boise Inc.****(Formerly Aldabra 2 Acquisition Corp., a Corporation in the Development Stage)****Consolidated Statements of Income (Loss)**

(unaudited, in thousands, except share data)

	<b>Boise Inc.</b>		<b>Predecessor</b>	
	<b>Six Months Ended June 30, 2008</b>	<b>February 1 (Inception) Through June 30, 2007</b>	<b>January 1 Through February 21, 2008</b>	<b>Six Months Ended June 30, 2007</b>
<b>Sales</b>				
Trade	\$ 812,627	\$	\$ 258,430	\$ 806,384
Related parties	33,768		101,490	354,939
	846,395		359,920	1,161,323
<b>Costs and expenses</b>				
Materials, labor, and other operating expenses	739,519		313,931	991,419
Fiber costs from related parties	25,644		7,662	21,307
Depreciation, amortization, and depletion	45,436		477	61,567
Selling and distribution expenses	20,760		9,097	28,867
General and administrative expenses	16,811	19	6,606	19,727
Other (income) expense, net	(124)		(989)	(884)
	848,046	19	336,784	1,122,003
<b>Income (loss) from operations</b>	<b>(1,651)</b>	<b>(19)</b>	<b>23,136</b>	<b>39,320</b>
Foreign exchange gain (loss)	(1,062)		54	602
Change in fair value of interest rate derivatives	510			
Interest expense	(37,580)		(2)	
Interest income	1,999	511	161	285
	(36,133)	511	213	887
<b>Income (loss) before income taxes</b>	<b>(37,784)</b>	<b>492</b>	<b>23,349</b>	<b>40,207</b>
Income tax (provision) benefit	3,363	(224)	(563)	(1,681)
<b>Net income (loss)</b>	<b>\$ (34,421)</b>	<b>\$ 268</b>	<b>\$ 22,786</b>	<b>\$ 38,526</b>
<b>Weighted average common shares outstanding:</b>				
<b>Basic and diluted</b>	<b>69,971,391</b>	<b>12,834,000</b>		
<b>Net loss per common share:</b>				
<b>Basic and diluted</b>	<b>\$ (0.49)</b>	<b>\$ 0.02</b>	<b>\$</b>	<b>\$</b>

See accompanying notes to unaudited quarterly consolidated financial statements.



Table of Contents**Boise Inc.**

(Formerly Aldabra 2 Acquisition Corp., a Corporation in the Development Stage)

**Consolidated Balance Sheets**

(unaudited, in thousands)

	June 30, 2008	Boise Inc. December 31, 2007	Predecessor December 31, 2007
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	\$ 21,125	\$ 186	\$ 8
Cash held in trust		403,989	
Receivables			
Trade, less allowances of \$831, \$0, and \$1,063	233,786		181,799
Related parties	3,940		36,452
Other	8,213		10,224
Inventories	340,702		324,679
Other	14,862	144	6,936
	622,628	404,319	560,098
<b>Property</b>			
Property and equipment, net	1,284,229		1,192,344
Fiber farms and deposits	13,022		17,843
	1,297,251		1,210,187
<b>Deferred financing costs</b>	78,881		
<b>Goodwill</b>			42,218
<b>Intangible assets, net</b>	22,524		23,967
<b>Other assets</b>	11,162	3,293	9,242
<b>Total assets</b>	<b>\$ 2,032,446</b>	<b>\$ 407,612</b>	<b>\$ 1,845,712</b>

See accompanying notes to unaudited quarterly consolidated financial statements.

Table of Contents**Boise Inc.**

(Formerly Aldabra 2 Acquisition Corp., a Corporation in the Development Stage)

**Consolidated Balance Sheets (continued)**

(unaudited, in thousands, except share data)

	June 30, 2008	Boise Inc. December 31, 2007	Predecessor December 31, 2007
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>			
<b>Current</b>			
Current portion of long-term debt	\$ 12,563	\$	\$
Income taxes payable	6	1,280	306
Accounts payable			
Trade	222,312		178,686
Related parties	6,080		299
Accrued liabilities			
Compensation and benefits	41,542		53,573
Interest payable	617		
Deferred underwriting fee		12,420	
Other	14,603	1,015	16,716
	297,723	14,715	249,580
<b>Debt</b>			
Long-term debt, less current portion	1,035,388		
Notes payable	61,655		