

GSI GROUP INC  
Form 10-Q  
August 07, 2012  
Table of Contents

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

Washington, D.C. 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 29, 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 No. 001-35083

**GSI Group Inc.**

(Exact name of registrant as specified in its charter)

Edgar Filing: GSI GROUP INC - Form 10-Q

**New Brunswick, Canada**  
(State or other jurisdiction of  
incorporation or organization)

**125 Middlesex Turnpike**

**Bedford, Massachusetts, USA**  
(Address of principal executive offices)

**98-0110412**  
(I.R.S. Employer  
Identification No.)

**01730**  
(Zip Code)

**(781) 266-5700**  
(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 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 (Section 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. (Check one):

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 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

As of July 30, 2012, there were 33,702,870 of the Registrant's common shares, no par value, issued and outstanding.

**Table of Contents**

**GSI GROUP INC.**

**TABLE OF CONTENTS**

<b>Item No.</b>	<b>Page No.</b>
<b><u>PART I FINANCIAL INFORMATION</u></b>	2
ITEM1. <b><u>FINANCIAL STATEMENTS</u></b>	2
<b><u>CONSOLIDATED BALANCE SHEETS (unaudited)</u></b>	2
<b><u>CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)</u></b>	3
<b><u>CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)</u></b>	4
<b><u>CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)</u></b>	5
<b><u>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)</u></b>	6
ITEM 2. <b><u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u></b>	16
ITEM 3. <b><u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u></b>	24
ITEM 4. <b><u>CONTROLS AND PROCEDURES</u></b>	24
<b><u>PART II OTHER INFORMATION</u></b>	25
ITEM 1. <b><u>LEGAL PROCEEDINGS</u></b>	25
ITEM 1A. <b><u>RISK FACTORS</u></b>	25
ITEM 2. <b><u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u></b>	25
ITEM 3. <b><u>DEFAULTS UPON SENIOR SECURITIES</u></b>	25
ITEM 4. <b><u>MINE SAFETY DISCLOSURES</u></b>	25
ITEM 5. <b><u>OTHER INFORMATION</u></b>	25
ITEM 6. <b><u>EXHIBITS</u></b>	26
<b><u>SIGNATURES</u></b>	27
<b><u>EXHIBIT INDEX</u></b>	28

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****GSI GROUP INC.****CONSOLIDATED BALANCE SHEETS****(In thousands of U.S. dollars or shares)****(Unaudited)**

	<b>June 29, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents	\$ 55,758	\$ 54,835
Accounts receivable, net of allowance of \$415 and \$337, respectively	44,089	38,847
Income taxes receivable	22,579	22,707
Inventories	53,713	51,539
Deferred tax assets	5,310	5,335
Prepaid expenses and other current assets	5,545	5,385
Assets of discontinued operations	30,911	35,663
Total current assets	217,905	214,311
Property, plant and equipment, net of accumulated depreciation	33,107	35,955
Deferred tax assets	880	814
Other assets	6,526	7,048
Intangible assets, net	42,903	45,797
Goodwill	44,578	44,578
Total assets	\$ 345,899	\$ 348,503
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Current portion of long-term debt	\$ 10,000	\$ 10,000
Accounts payable	19,114	12,532
Income taxes payable	2,290	1,835
Deferred revenue	1,074	852
Deferred tax liabilities	108	109
Accrued expenses and other current liabilities	19,939	18,927
Liabilities of discontinued operations	9,549	14,806
Total current liabilities	62,074	59,061
Long-term debt	43,000	58,000
Deferred tax liabilities	8,773	8,722
Income taxes payable	8,217	8,057
Other liabilities	5,555	5,303
Total liabilities	127,619	139,143

Commitments and Contingencies (Note 14)

## Edgar Filing: GSI GROUP INC - Form 10-Q

Stockholders' Equity:		
Common shares, no par value; Authorized shares: unlimited; Issued and outstanding: 33,694 and 33,478, respectively	423,856	423,856
Additional paid-in capital	20,225	17,931
Accumulated deficit	(221,506)	(227,760)
Accumulated other comprehensive loss	(4,678)	(5,024)
<b>Total GSI Group Inc. stockholders' equity</b>	<b>217,897</b>	<b>209,003</b>
Noncontrolling interest	383	357
<b>Total stockholders' equity</b>	<b>218,280</b>	<b>209,360</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 345,899</b>	<b>\$ 348,503</b>

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

**Table of Contents****GSI GROUP INC.****CONSOLIDATED STATEMENTS OF OPERATIONS****(In thousands of U.S. dollars or shares, except per share amounts)****(Unaudited)**

	Three Months Ended		Six Months Ended	
	June 29, 2012	July 1, 2011	June 29, 2012	July 1, 2011
Sales	\$ 70,379	\$ 82,609	\$ 135,565	\$ 160,112
Cost of goods sold	39,712	45,609	77,217	89,370
Gross profit	30,667	37,000	58,348	70,742
Operating expenses:				
Research and development and engineering	5,615	5,879	11,388	11,759
Selling, general and administrative	16,841	18,638	33,049	35,410
Amortization of purchased intangible assets	663	987	1,325	1,979
Restructuring, restatement related costs and other	2,451	(61)	4,668	122
Post-emergence professional fees		94		233
Total operating expenses	25,570	25,537	50,430	49,503
Income from operations	5,097	11,463	7,918	21,239
Interest expense, net	(678)	(3,397)	(1,487)	(7,049)
Foreign exchange transaction gains (losses), net	620	(125)	(272)	(810)
Other income (expense), net	45	354	232	1,384
Income from continuing operations before income taxes	5,084	8,295	6,391	14,764
Income tax provision	617	1,363	847	3,019
Income from continuing operations	4,467	6,932	5,544	11,745
Income from discontinued operations, net of tax	414	3,143	736	4,592
Consolidated net income	4,881	10,075	6,280	16,337
Less: Net income attributable to noncontrolling interest	(8)	(9)	(26)	(64)
Net income attributable to GSI Group Inc.	\$ 4,873	\$ 10,066	\$ 6,254	\$ 16,273
Earnings per common share from continuing operations:				
Basic	\$ 0.13	\$ 0.21	\$ 0.16	\$ 0.35
Diluted	\$ 0.13	\$ 0.21	\$ 0.16	\$ 0.35
Earnings per common share from discontinued operations:				
Basic	\$ 0.01	\$ 0.09	\$ 0.02	\$ 0.14
Diluted	\$ 0.01	\$ 0.09	\$ 0.02	\$ 0.14
Earnings per common share attributable to GSI Group Inc.:				
Basic	\$ 0.14	\$ 0.30	\$ 0.19	\$ 0.49
Diluted	\$ 0.14	\$ 0.30	\$ 0.18	\$ 0.48
Weighted average common shares outstanding basic	33,782	33,478	33,731	33,464
Weighted average common shares outstanding diluted	33,953	33,595	33,915	33,564