

SI INTERNATIONAL INC
Form 10-Q
November 04, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 or
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTER ENDED SEPTEMBER 25, 2004

**TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number

000-50080

SI International, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

12012 Sunset Hills Road

Reston, Virginia

(Address of principal executive offices)

52-2127278

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

20190-5869

(Zip Code)

Registrant's telephone number, including area code: **(703) 234-7000**

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

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

As of November 1, 2004, there were 11,008,547 shares outstanding of the registrant's common stock.

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

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SI International, Inc. and Subsidiaries

Consolidated Balance Sheets

(Amounts in thousands, except share and per share data)

	September 25, 2004		December 27, 2003	
	(unaudited)			
Assets				
Current assets:				
Cash and cash equivalents	\$	4,864	\$	23,252
Accounts receivable, net		52,228		34,007
Other current assets		6,281		4,597
Total current assets		63,373		61,856
Property and equipment, net		4,136		3,768
Goodwill		94,041		39,829
Intangible assets, net		4,546		
Other assets		2,577		1,174
Total assets	\$	168,673	\$	106,627
Liabilities and stockholders' equity				
Current liabilities:				
Accounts payable and accrued expenses	\$	25,984	\$	17,708
Line of credit		16,000		
Current portion of long-term debt		5,250		
Current portion of operating lease obligations		864		
Escrow payable		1,034		
Deferred revenue		917		3,975
Other current liabilities		388		465
Total current liabilities		50,437		22,148
Long-term debt, net of current portion		21,750		
Long-term operating lease obligations		1,124		
Other long-term liabilities		5,406		2,932
Commitments and contingencies				
Stockholders' equity:				
Common stock \$0.01 par value per share; 50,000,000 shares authorized; 8,486,864 and 8,451,507 shares issued and outstanding as of September 25, 2004 and December 27, 2003, respectively		85		85
Additional paid-in capital		76,094		75,704
Deferred compensation		(243)		(340)
Retained earnings		14,020		6,098
Total stockholders' equity		89,956		81,547
Total liabilities and stockholders' equity	\$	168,673	\$	106,627

See accompanying notes

SI International, Inc. and Subsidiaries

Consolidated Statements of Operations

(Amounts in thousands, except per share data)

Unaudited

	Three Months Ended				Nine Months Ended			
	September 25, 2004		September 27, 2003		September 25, 2004		September 27, 2003	
Revenue	\$	72,926	\$	42,082	\$	192,710	\$	124,130
Costs and expenses:								
Direct costs		49,106		25,837		121,435		75,127
Indirect costs		17,615		12,318		53,974		38,648
Depreciation and amortization		516		497		1,704		1,495
Amortization of intangible assets		171				477		
Total operating expenses		67,408		38,652		177,590		115,270
Income from operations		5,518		3,430		15,120		8,860
Other income (expense)		(62)				(62)		
Interest expense								