

GERBER SCIENTIFIC INC
Form 10-Q
December 09, 2010

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 October 31, 2010

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 001-05865

Gerber Scientific, Inc.

(Exact name of registrant as specified in its charter)

Connecticut

(State or other jurisdiction of incorporation or organization)

06-0640743

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

83 Gerber Road West, South Windsor, Connecticut

06074

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (860) 644-1551

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

25,138,523 shares of common stock of the registrant were outstanding as of November 30, 2010, exclusive of treasury shares.

GERBER SCIENTIFIC, INC.
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 Fiscal Quarter Ended October 31, 2010

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Gerber Scientific, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

In thousands, except per share data	For the Fiscal Quarters Ended October 31,	
	2010	2009
Revenue:		
Product sales	\$ 112,775	\$ 102,108
Service sales	16,528	16,547
	129,303	118,655
Cost of Sales:		
Cost of products sold	79,568	73,346
Cost of services sold	11,107	10,067
	90,675	83,413
Gross profit	38,628	35,242
Selling, general and administrative expenses	29,545	27,505
Research and development	4,351	4,240
Goodwill impairment	16,888	---
Restructuring and other expenses	2,212	548
Operating (loss) income	(14,368)	2,949
Other income (expense), net	(720)	(414)
Interest expense	(653)	(918)
(Loss) Income from continuing operations before income taxes	(15,741)	1,617
Income tax expense (benefit)	366	(374)
(Loss) Income from continuing operations	(16,107)	1,991
Loss from discontinued operations, net of taxes of \$(971)	---	(1,532)
Net (loss) income	\$ (16,107)	\$ 459
Basic (loss) earnings per common share:		
Continuing operations	\$ (0.64)	\$ 0.08
Discontinued operations	---	(0.06)
Basic (loss) earnings per common share	\$ (0.64)	\$ 0.02
Diluted (loss) earnings per common share:		
Continuing operations	\$ (0.64)	\$ 0.08
Discontinued operations	---	(0.06)
Diluted (loss) earnings per common share	\$ (0.64)	\$ 0.02
Weighted Average Common Shares Outstanding:		
Basic	25,131	24,907
Diluted	25,131	24,956

See accompanying notes to condensed consolidated financial statements.

Gerber Scientific, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

In thousands, except per share data	For the Six Months Ended	
	2010	October 31, 2009
Revenue:		
Product sales	\$ 215,308	\$ 194,713
Service sales	32,319	33,296
	247,627	228,009
Cost of Sales:		
Cost of products sold	151,559	140,977
Cost of services sold	21,454	19,645
	173,013	160,622
Gross profit	74,614	67,387
Selling, general and administrative expenses	57,632	51,877
Research and development	8,675	8,376
Goodwill impairment	16,888	---
Restructuring and other expenses	2,983	550
Operating (loss) income	(11,564)	6,584
Other income (expense), net	(350)	(1,459)
Interest expense	(1,435)	(1,860)
(Loss) Income from continuing operations before income taxes	(13,349)	3,265
Income tax expense (benefit)	1,159	(15)
(Loss) Income from continuing operations	(14,508)	3,280
Loss from discontinued operations, net of taxes of \$(21) and (\$891) respectively	(75)	(2,307)
Net (loss) income	\$ (14,583)	\$ 973
Basic (loss) earnings per common share:		
Continuing operations	\$ (0.58)	\$ 0.13
Discontinued operations	---	(0.09)
Basic (loss) earnings per common share	\$ (0.58)	\$ 0.04
Diluted (loss) earnings per common share:		
Continuing operations	\$ (0.58)	\$ 0.13
Discontinued operations	---	(0.09)
Diluted (loss) earnings per common share	\$ (0.58)	\$ 0.04
Weighted Average Common Shares Outstanding:		
Basic	25,129	24,759
Diluted	25,129	24,782

See accompanying notes to condensed consolidated financial statements.

Gerber Scientific, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

In thousands	October 31, 2010	April 30, 2010
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 10,128	\$ 11,305
Accounts receivable, net	82,789	80,925
Inventories	61,505	59,823
Deferred tax assets, net	10,498	10,029
Prepaid expenses and other current assets	5,611	4,732
Total Current Assets	170,531	166,814
Property, plant and equipment, net	32,235	32,223
Goodwill	67,772	83,654
Deferred tax assets, net	47,363	48,362
Other assets	18,894	20,824
Total Assets	\$ 336,795	\$ 351,877
Liabilities and Shareholders' Equity:		
Current Liabilities:		
Accounts payable	\$ 41,127	\$ 39,185
Accrued compensation and benefits	18,483	15,997
Other liabilities	24,540	22,080
Deferred revenue	12,589	13,003
Total Current Liabilities	96,739	90,265
Long-term debt	35,000	45,000
Accrued pension benefit liability	36,802	36,932
Deferred tax liabilities, net	12,761	12,600
Other long-term liabilities	7,868	8,874
Commitments and contingencies		
Shareholders' Equity:		
Preferred stock	---	---
Common stock	257	257
Paid-in capital	83,165	81,981
Retained earnings	81,621	96,204
Treasury stock	(10,461)	(10,855)
Accumulated other comprehensive loss	(6,957)	(9,381)
Total Shareholders' Equity	147,625	158,206
Total Liabilities and Shareholders' Equity	\$ 336,795	\$ 351,877

See accompanying notes to condensed consolidated financial statements.

Gerber Scientific, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

In thousands	For the Six Months Ended	
	2010	October 31, 2009
Cash flows from operating activities:		
Net (loss) income	\$ (14,583)	\$ 973
Adjustments to reconcile net (loss) income to cash provided by operating activities:		
Depreciation and amortization	4,054	5,144
Deferred income taxes	862	(1,435)
Stock-based compensation	1,862	1,796
Loss on sale of assets	---	2,168
Goodwill impairment	16,888	---
Other noncash items	1,596	670
Changes in operating accounts, excluding effects of acquisitions:		
Accounts receivable	486	4,396