

GERBER SCIENTIFIC INC  
Form 10-Q  
March 08, 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 January 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 1-5865

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

25,157,590 shares of common stock of the registrant were outstanding as of February 28, 2010, exclusive of treasury shares.

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GERBER SCIENTIFIC, INC.

Index to Quarterly Report

on Form 10-Q

Fiscal Quarter Ended January 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 January	
	2010	31, 2009
<b>Revenue:</b>		
Product sales	\$ 94,794	\$ 88,752
Service sales	15,877	17,439
	110,671	106,191
<b>Cost of Sales:</b>		
Cost of products sold	67,618	63,674
Cost of services sold	10,196	10,291
	77,814	73,965
Gross profit	32,857	32,226
Selling, general and administrative expenses	27,276	27,122
Research and development	4,626	4,847
Restructuring and other expenses	1,194	40
Operating (loss) income	(239)	217
Other income (expense), net	(126)	(2,470)
Interest expense	(1,374)	(654)
Loss from continuing operations before income taxes	(1,739)	(2,907)
Income tax benefit	(981)	(1,616)
Loss from continuing operations, net of taxes	(758)	(1,291)
Loss from discontinued operations, net of taxes of \$5 and \$(25), respectively	(51)	(941)
Net loss	\$ (809)	\$ (2,232)
<b>Basic loss per common share:</b>		
Continuing operations	\$ (0.03)	\$ (0.05)
Discontinued operations	---	(0.04)
Basic loss per common share	\$ (0.03)	\$ (0.09)
<b>Diluted loss per common share:</b>		
Continuing operations	\$ (0.03)	\$ (0.05)
Discontinued operations	---	(0.04)
Diluted loss per common share	\$ (0.03)	\$ (0.09)
<b>Weighted Average Common Shares Outstanding:</b>		
Basic	25,195	24,131
Diluted	25,195	24,131

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 Nine Months Ended January	
	2010	31, 2009
<b>Revenue:</b>		
Product sales	\$ 292,104	\$ 341,702
Service sales	49,315	55,207
	341,419	396,909
<b>Cost of Sales:</b>		
Cost of products sold	211,048	247,298
Cost of services sold	30,267	35,636
	241,315	282,934
Gross profit	100,104	113,975
Selling, general and administrative expenses	78,987	88,996
Research and development	13,586	16,778
Restructuring and other expenses	1,450	884
Operating income	6,081	7,317
Other income (expense), net	(1,525)	(3,007)
Interest expense	(3,234)	(1,941)
Income from continuing operations before income taxes	1,322	2,369
Income tax benefit	(996)	(3,429)
Income from continuing operations, net of taxes	2,318	5,798
Loss from discontinued operations, net of taxes of (\$886) and \$5, respectively	(2,154)	(1,255)
Net income	\$ 164	\$ 4,543
<b>Basic earnings (loss) per common share:</b>		
Continuing operations	\$ 0.09	\$ 0.24
Discontinued operations	(0.08)	(0.05)
Basic earnings per common share	\$ 0.01	\$ 0.19
<b>Diluted earnings (loss) per common share:</b>		
Continuing operations	\$ 0.09	\$ 0.24
Discontinued operations	(0.08)	(0.05)
Diluted earnings per common share	\$ 0.01	\$ 0.19
<b>Weighted Average Common Shares Outstanding:</b>		
Basic	24,904	23,953
Diluted	24,936	24,064

See accompanying notes to condensed consolidated financial statements.



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

In thousands	January 31, 2010	April 30, 2009
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 7,921	\$ 10,313
Accounts receivable, net	72,744	87,798
Inventories	66,883	72,108
Deferred tax assets, net	9,702	9,022
Prepaid expenses and other current assets	5,717	4,659
Total Current Assets	162,967	183,900
Property, plant and equipment, net	33,423	37,119
Goodwill	83,027	76,940
Deferred tax assets, net	45,640	43,339
Other assets	21,416	17,919
Total Assets	\$ 346,473	\$ 359,217
<b>Liabilities and Shareholders' Equity:</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 38,566	\$ 37,494
Accrued compensation and benefits	12,717	15,735
Other accrued liabilities	22,088	24,748
Deferred revenue	12,329	13,084
Total Current Liabilities	85,700	91,061
Long-term debt	45,000	73,500
Accrued pension benefit liability	30,366	29,629
Other long-term liabilities	21,765	16,725
<b>Commitments and contingencies</b>		
<b>Shareholders' Equity:</b>		
Preferred stock	---	---
Common stock	257	252
Paid-in capital	81,531	79,198
Retained earnings	97,826	97,662
Treasury stock	(11,035)	