LIQUIDMETAL TECHNOLOGIES INC
Form 10-Q
August 14, 2007

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 30, 2007

OR

o	**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. 001-31332

LIQUIDMETAL TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**33-0264467**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

30452 Esperanza
Rancho Santa Margarita, CA 92688
(address of principal executive office, zip code)

Registrant s telephone number, including area code: **(949) 635-2100**

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 at least the past 90 days.

Yes x No o

Indicate by check whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer x Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b 2 of the Exchange Act). Yes o No x

As of August 7, 2007, there were 44,631,768 shares of the registrant s common stock, $0.001 par value, outstanding.

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LIQUIDMETAL TECHNOLOGIES, INC.
FORM 10-Q
FOR THE QUARTER ENDED JUNE 30, 2007

FORWARD-LOOKING INFORMATION

Statements in this report concerning the future sales, expenses, profitability, financial resources, product mix, market demand, product development and other statements in this report concerning the future results of operations, financial condition and business of Liquidmetal Technologies, Inc. are forward-looking statements as defined in the Securities Act of 1933 and Securities Exchange Act of 1934. Investors are cautioned that the Company s actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company s operations and business environment, including competition, need for increased acceptance of products, ability to continue to develop and extend our brand identity, ability to anticipate and adapt to a competitive market, ability to effectively manage rapidly expanding operations, amount and timing of operating costs and capital expenditures relating to expansion of our business, operations and infrastructure, ability to provide superior customer service, dependence upon key personnel and the like. The Company s most recent filings with the Securities and Exchange Commission, including Form 10-K, contain additional information concerning many of these risk factors, and copies of these filings are available from the Company upon request and without charge.

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PART I

PART I

FINANCIAL INFORMATION

Item 1 Financial Statements

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 2,288	$ 144
Restricted cash	2,083	
Trade accounts receivables, net of allowance for doubtful accounts of $215 and $82	5,150	3,934
Inventories	2,143	3,765
Prepaid expenses and other current assets	1,177	830
Total current assets	12,841	8,673
Property, plant and equipment, net	10,845	12,095
Idle equipment	173	194
Other intangibles, net	1,144	1,170
Investment in joint venture	306	3
Other assets	1,235	109
Total assets	$ 26,544	22,244
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities:		
Accounts payable and accrued expenses	9,797	9,802
Deferred revenue	423	202
Short-term debt	3,212	2,669
Long-term debt, current portion, net of debt discounts of $481 and $3,636	12,707	14,480
Warrant liabilities	2,977	2,662
Conversion feature liabilities	3,271	1,838
Other liabilities, current portion	143	177
Total current liabilities	32,530	31,830
Long-term debt, net of current portion and debt discounts of $11,167 and $0	5,133	225
Other long-term liabilities, net of current portion	547	552
Total liabilities	37,890	32,607
Shareholders' deficiency:		
Common stock, $0.001 par value; 100,000,000 shares authorized and 44,631,768 issued and outstanding at June 30, 2007 and 44,311,768 issued and outstanding at December 31, 2006	45	44
Additional paid-in capital	136,949	136,031
Accumulated deficit	(151,546)	(149,047)
Accumulated other comprehensive income	2,886	2,609
Total shareholders' deficiency	(11,666)	(10,363)
Total liabilities and shareholders' deficiency	$ 26,544	$ 22,244

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

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LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands, except per share data)

(unaudited)

	For the Three Months Ended June 30, 2007	2006	For the Six Months Ended June 30, 2007	2006
Revenue	$ 8,331	$ 7,090	$ 13,398	$ 13,645
Cost of sales	7,686	5,564	14,127	10,888
Gross profit (loss)	645	1,526	(729)	2,757
Operating expenses				
Selling, general, and administrative	2,495	2,368	5,027	5,073
Research and development	293	281	556	484
Total operating expenses	2,788	2,649	5,583	5,557
Loss from operations	(2,143)	(1,123)	(6,312)	(2,800)
Loss from extinguishments of debt			(648)	
Change in value of warrants, gain (loss)	564	(1,426)	4,256	(2,715)
Change in value of conversion feature, gain (loss)	1,168	(2,137)	5,512	(3,920)
Other income	49	92	49	572
Interest expense	(2,700)	(3,277)	(5,463)	(5,059)
Interest income	46	7	107	9
Loss from continuing operations	(3,016)	(7,864)	(2,499)	(13,913)
Net Loss	(3,016)	(7,864)	(2,499)	(13,913)
Other comprehensive income (loss):				
Foreign exchange translation gain	499	28	277	127
Comprehensive loss	$ (2,517)	$ (7,836)	$ (2,222)	$ (13,786)
Net loss per share basic and diluted:				
Loss per share basic and diluted	$ (0.07)	$ (0.18)	$ (0.06)	$ (0.32)
Number of weighted average shares - basic and diluted	44,632	44,075	44,778	43,446

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

LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS DEFICIENCY

For the Six Months Ended June 30, 2007

(in thousands, except per share data)

(unaudited)

	Common Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
Balance, December 31, 2006	44,311,768	$ 44	$ 136,031	$ (149,047)	$ 2,609	(10,363)
Conversion of notes payable	320,000	1	516			517
Stock-based compensation			402			402
Foreign exchange translation gain					277	277
Net loss				(2,499)		(2,499)
Balance, June 30, 2007	44,631,768	$ 45	$ 136,949	$ (151,546)	$ 2,886	$ (11,666)

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

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LIQUIDMETAL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands, except per share data)

(unaudited)

	For the Six Months Ended June 30, 2007	2006
Operating activities:		
Net income (loss)	$ (2,499)	$ (13,912)
Adjustments to reconcile loss from operations to net cash used for operating activities:		
Gain on disposal of asset		

In June 2006, the FASB issued Interpretation ("FIN") No. 48, *"Accounting for Uncertainty in Income Taxes-an Interpretation of FASB Statement No. 109*." This Interpretation prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, and provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. This Interpretation is effective for fiscal years beginning after December 15, 2006. The Company is currently evaluating the impact of this Interpretation on its financial position and results of operations.

2. Detail of Certain Assets and Liabilities
<TABLE><CAPTION>

<BTB>		(Unaudited) Sept 29, 2006	December 31, 2005
<S>		(In thousands)	
Accounts Receivable			
	Trade receivables	$ 50,986	$ 37,747
	Allowance for doubtful accounts	(3,035)	(1,946)
	Total	$ 47,951	$ 35,801
Inventories			
	Raw materials	$ 20,409	$ 16,039
	Work-in-process	9,337	8,758
	Finished goods	25,678	21,949
	Total..	$ 55,424	$ 46,746
Property, Plant and Equipment			
	Land	$ 599	$ 594
	Buildings and improvements	14,076	12,817
	Machinery and equipment	29,021	24,279
	Office equipment and furniture	3,583	2,523
	Construction-in-progress	3,605	868
		50,884	41,081
	Accumulated depreciation	(11,729)	(7,148)
	Property, plant and equipment, net	$ 39,155	$ 33,933
Intangible Assets			

	Goodwill	$ 39,162	$ 39,162
	Non-compete agreements	$ 2,890	$ 2,890
	Technology	5,700	5,700
	Trade names	14,300	14,300
	Customer relations	31,400	31,400
	Backlog	3,490	3,490
		57,780	57,780
	Accumulated amortization	(9,325)	(6,096)
	Total	$ 48,455	$ 51,684
Deferred Financing Costs			
	Deferred financing costs	$ 4,978	$ 5,570
	Accumulated amortization	(895)	(465)
	Total	$ 4,083	$ 5,105
Accrued Warranty			
	Beginning balance	$ 2,335	$ 2,764
	Increase to expense	638	1,630
	Charge to reserve	(689)	(2,059)
	Ending balance	$ 2,284	$ 2,335

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3. Supplemental Cash Flow Information

The Company paid $7.5 million, $0.5 million and $6.0 million in interest during the successor period of nine months ended September 29, 2006 and May 17 - September 30, 2005 and the predecessor period ended May 16, 2005, respectively. The Company paid $9.9 million, $1.9 million and $0.2 million in income taxes during the successor period of nine months ended September 29, 2006 and May 17 - September 30, 2005 and the predecessor period ended May 16, 2005, respectively.

4. Debt

Revolving Credit Facility

On May 16, 2005, concurrently with the issuance of $110,000,000 of 12% Senior Notes due 2013 and the closing of the acquisition of The GSI Group, Inc. (the "Company") by GSI Holdings Corp. ("GSI Holdings"), an affiliate of Charlesbank Equity Fund V, Limited Partnership, the Company refinanced its existing credit facility with a five-year asset-backed revolving credit facility provided by lenders led by Wachovia Capital Finance Corporation (Central) ("Wachovia"), as the agent. The maximum amount of revolving credit available under the Company's refinanced credit facility (the "Credit Facility") is $60.0 million and the Company has the option to increase the facility in increments of $5.0 million up to a maximum of $75.0 million (subject to compliance with the covenants in the indenture). Up to $15 million of the facility is available for issuances of letters of credit.

The Credit Facility provides floating rate revolving loans bearing interest at a rate equal to 0.0% to 0.5% over Wachovia's prime rate or 1.50% to 2.00% over LIBOR, in each case based on the excess availability under the borrowing base from time to time.

The Company's obligations under its Credit Facility are secured by a first priority lien on, and pledge of, substantially all of its and any subsidiary guarantors' current and future assets. In addition, GSI Holdings pledged all of its shares of the Company's common stock, as well as any rights that it may have under the stock purchase agreement with the Company's selling stockholders, as additional collateral security.

The Credit Facility contains a number of covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, pay or make dividends or distributions to the Company’s stockholders, create liens on assets, enter into sale and leaseback transactions and otherwise restrict our general corporate activities. The Company is also required to comply with specified financial ratios and tests including a fixed charge coverage ratio.

As of September 29, 2006 the Company had $13.9 million of revolving loans outstanding and $5.9 million of standby letters of credit which reduced the overall availability under the credit facility to $45.0 million. As of September 29, 2006 the Company had expensed as Cost of Sales $1.2 million related to the standby letters of credit under the credit facility.

Senior Notes due 2013

On May 16, 2005, concurrently with the refinancing of its existing revolving credit facility with Wachovia Capital Finance Corporation and the closing of the acquisition of The GSI Group, Inc. (the "Company") by GSI Holdings Corp. ("GSI Holdings"), an affiliate of Charlesbank Equity Fund V, Limited Partnership, the Company issued and sold $110,000,000 aggregate principal amount of Senior Notes due 2013 (the "Notes"). Payment on the Notes is guaranteed on an unsecured basis by GSI Holdings and by all of the Company's domestic material subsidiaries. None of the Company's domestic subsidiaries are currently material subsidiaries. The Notes were issued under an Indenture among the Company, the Guarantors and U.S. Bank National Association, as trustee (the "Indenture").

The Notes have a fixed annual interest rate of 12%, which will be paid semiannually in arrears on May 15 and November 15, commencing on November 15, 2005.

Prior to May 15, 2008, the Company may redeem up to 35% of the Notes at a redemption price of 112.000% of the principal amount, plus accrued and unpaid interest from the proceeds of certain equity offerings; *provided* that: (i) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Company and its subsidiaries) remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 90 days of the date of the closing of such equity offering. Except pursuant to the preceding sentence, the Notes will not be redeemable at the Company's option prior to May 15, 2009.

On or after May 15, 2009, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) listed below plus accrued and unpaid interest and liquidated damages, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date: 2009 at a redemption price of 106.000%; 2010 at a redemption price of 103.000%; and 2011 and thereafter at a redemption price of 100.000%.

Upon a change of control, as defined in the Indenture, the Company is required to offer to purchase all of the Notes then outstanding for cash at 101% of the aggregate principal amount thereof plus accrued and unpaid interest and liquidated damages, if any, on the Notes repurchased to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

The Company purchased $7.4 million of its outstanding bonds from Charlesbank, an affiliate of its parent, on May 12, 2006 and immediately retired them. The bonds were purchased at a 1% premium. The Company purchased $5.0 million of its outstanding bonds on August 25, 2006 and immediately retired them. The bonds were purchased at fair market value.

5. Income Taxes

The following table represents the unaudited successor and predecessor income taxes for the first nine months of 2006 and 2005.

<TABLE><CAPTION>

	Successor				**Predecessor**	
<BTB>	Nine Months as of Sept 29, 2006		May 17,2005 - Sept 30,2005		Jan 1,2005 - May16,2005	
	Income/(Loss) Before Income Taxes	Income Tax Expense/ (Benefit)	Income/(Loss) Before Income Taxes	Income Tax Expense/ (Benefit)	Income/(Loss) Before Income Taxes	Income Tax Expense/ (Benefit)
<S>						
U.S.	$ 21,348	$ 10,281	$ 4,952	$ 2,148	$ (564)	$ 495
Brazil	1,475	481	1,541	393	1,051	336
Malaysia	889	77	503	2	(317)	(10)
Mexico	1,181	--	389	(3)	432	256
China	(100)	--	(8)	--	242	--
Poland	(168)	--	(30)	--	(2)	--
South Africa	814	--	206	(37)	209	38
Total	$ 25,439	$ 10,839	$ 7,553	$ 2,503	$ 1,051	$ 1,115
Current income taxes		$ 15,613		$ 2,699		$ 1,184
Deferred income taxes		(4,774)		(196)		(69)
Total		$ 10,839		$ 2,503		$ 1,115

	Successor		Predecessor
	Nine Months as of Sept 29, 2006	May 17, 2005- Sept 30, 2005	Jan 1,2005 - May16,2005
Income taxes at U.S. statutory rate	$ 8,907	$ 2,644	$ 368
Effect of conversion to “C” corporation	--	(990)	--
State income taxes	1,858	551	77
Foreign tax rate differential-federal	558	977	620
Other	(484)	(679)	50
Total	$ 10,839	$ 2,503	$ 1,115

</TABLE>

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The following table represents the successor and predecessor income taxes for the third quarter of 2006 and 2005.
<TABLE><CAPTION>

	Successor			
<BTB>	Three Months as of Sept 29, 2006		Three Months as of Sept 30, 2005	
	Income/(Loss) Before Income Taxes	Income Tax Expense/ (Benefit)	Income/(Loss) Before Income Taxes	Income Tax Expense/ (Benefit)
<S>				
U.S.	$ 9,322	$ 4,262	$ 7,763	$ 3,827
Brazil	197	63	1,048	250
Malaysia	289	28	371	1
Mexico	515	--	171	(3)
China	(4)	--	(27)	--
Poland	(28)	--	(18)	--
South Africa	200	--	139	--
Total	$ 10,491	$ 4,353	$ 9,447	$ 4,075
Current income taxes		$ 8,095		$ 2,199
Deferred income taxes		(3,742)		1,876
Total		$ 4,353		$ 4,075

	Successor	
	Three Months as of Sept 29, 2006	Three Months as of Sept 30, 2005
Income taxes at U.S. statutory rate	$ 3,675	$ 3,306
State income taxes	767	690
Foreign tax rate differential-federal	91	870
Other	(180)	(791)
Total	$ 4,353	$ 4,075

The Company was an “S” Corporation for federal income tax purposes for the period ended May 16, 2005. Income taxes for the period were an obligation of its stockholders.

6. Business Segment

The Company has no separately reportable segments in accordance with Statement of Financial Accounting Standard ("SFAS") No. 131, "Disclosure About Segments of an Enterprise and Related Information." Under the enterprise wide disclosure requirements of SFAS 131, the Company reports sales by each product line. Amounts for the first nine months of 2006 and 2005, based on the aggregation of historical and successor accounting, are as shown in the table below (in thousands).

<TABLE><CAPTION>

	Successor		**Predecessor**
	Sept 29, 2006	**May 17 - Sept 30, 2005**	**January 1- May 16, 2005**
<S>			
Grain product line	$ 202,256	$ 93,125	$ 67,234
Swine product line	71,491	29,590	20,789
Poultry product line	59,617	33,186	26,612
Sales	$ 333,364	$ 155,901	$ 114,635

</TABLE>

For the first nine months of 2006 and 2005, sales in Brazil were $30.6 million and $27.4 million, respectively. Long-lived assets in Brazil were $6.7 million at September 29, 2006.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the Consolidated Financial Statements and the notes included in Item 1 hereof.

General

The Company is a major worldwide manufacturer of agricultural equipment. The Company's grain, swine and poultry products are used by producers and purchasers of grain, and by producers of swine and poultry. Demand for our agricultural equipment is driven by the overall level of grain, swine and poultry production, the level of net farm income, agricultural real estate values and producers' increasing focus on improving productivity in their operations. In addition, fluctuations in grain and feed prices affect our sales, with sustained increases in grain and feed prices increasing demand for our grain equipment and decreasing demand for our swine and poultry equipment. We believe that our diversified product offerings mitigate the effects of fluctuations in the price of grain. Sales of our swine and poultry equipment are also affected by long-term trends in consumer demand for pork and poultry both domestically and internationally.

Sales of agricultural equipment are seasonal, with farmers traditionally purchasing grain storage bins and grain conditioning and handling equipment in the summer and fall in conjunction with the harvesting season, and swine and poultry producers purchasing equipment during prime construction periods in the spring, summer and fall. The Company's sales, operating income and net income have historically been lower during the first and fourth fiscal quarters as compared to the second and third quarters. Traditionally, this has caused the Company to have increased working capital needs during the second and third quarters as material is purchased and converted to inventory during the year.

Although the Company's sales are primarily denominated in U.S. dollars and are not generally affected by currency fluctuations (except for transactions from the Company's Brazilian operation), the production costs, profit margins and competitive position are affected by the strength of the U.S. dollar relative to the strength of the currencies in countries where its products are sold.

The Company's international sales have historically comprised a significant portion of our total sales. In the first nine months of 2006 and 2005, the Company's international sales accounted for 30.9% and 30.8%, of total sales, respectively. International operations generally are subject to various risks that are not present in domestic operations, including restrictions on dividends, restrictions on repatriation of funds, unexpected changes in tariffs and other trade barriers, difficulties in staffing and managing foreign operations, political instability, fluctuations in currency exchange rates, reduced protection for intellectual property rights in some countries, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely impact our international operations.

The primary raw materials we use to manufacture our products are steel and polymers. Fluctuations in the prices of steel and, to a lesser extent, polymer materials can impact our cost of sales.

Items Affecting Comparability

On April 6, 2005, all of the Company's stockholders entered into a stock purchase agreement with GSI Holdings, Inc. (GSI Holdings), a newly formed holding company owned primarily by an affiliate of Charlesbank Equity Fund V, Limited Partnership, pursuant to which GSI Holdings purchased for cash all of the issued and outstanding shares of the Company's common stock. On May 16, 2005, under the "successor" basis of accounting, the closing of the

Acquisition occurred. Consequently, our financial statements shown in Item 1 of this Form 10Q have been presented under two different bases of accounting, with all historical Company activity up to and including May 16, 2005 under the predecessor basis, and all Company activity from May 17, 2005 to present under the successor basis. The following discussion and analysis is based upon these two bases of accounting for the nine months ended September 29, 2006, and our review of the business and operations during such periods as compared to the same periods of 2005.

As a result of the Acquisition, our assets and liabilities have been adjusted to their fair value as of the closing date. Depreciation and amortization expenses are higher in successor accounting due to the fair value assessments resulting in increases to the carrying value of our property, plant and equipment and intangible assets.

We believe the discussion and analysis of The GSI Group, Inc.'s financial condition and combined results of operations set forth below are not indicative, nor should they be relied upon as an indicator, of our future performance. Please refer to the footnotes to the Financial Statements included in Item 1 of this report, including "Summary of Significant Accounting Policies" for important additional information concerning the basis of presentation of financial information included in this report.

Historical Performance

Results of Operations

The following table sets forth a summary of the Company's operations and their percentages of total revenue for the periods indicated based on the aggregation of historical predecessor and successor accounting (dollars in thousands):

<TABLE><CAPTION>

	Three months ended			
	Sept 29 , 2006 (Unaudited)		**Sept 30, 2005 (Unaudited)**	
<BTB> <S>				
	Amount	**%**	**Amount**	**%**
Sales	$ 127,564	100.0	$ 107,723	100.0
Cost of sales	97,430	76.4	78,394	72.8
Warranty expense	248	0.2	280	0.3
Total cost of sales	97,678	76.6	78,674	73.0
Gross profit	29,886	23.4	29,049	27.0
Selling, general and administrative expenses	14,026	11.0	14,110	12.3
Amortization expense	1,052	0.8	1,950	1.8
Total operating expenses	15,078	11.8	16,060	14.9
Operating income	14,808	11.6	12,989	12.1
Other income (expense):				
Interest expense	(3,632)	(2.8)	(3,705)	(3.4)
Interest income	148	0.1	145	0.1
Other, net	(813)	(0.6)	137	(0.1)
Income before income tax expense and minority interest	10,511	8.2	9,566	8.9
Minority interest in net income of subsidiary	(20)	0.0	(119)	(0.1)
Income tax provision	4,353	3.4	4,075	3.8

Net income	$ 6,138	4.8	$ 5,372	5.0
Basic and diluted earnings per share	$ 7.42		$ 6.50	
Weighted average common shares outstanding	826,948		826,948	

</TABLE>

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The following table sets forth a summary of the Company's operations and their percentages of total revenue for the nine month periods indicated based on the aggregation of historical predecessor and successor accounting (dollars in thousands):

<TABLE><CAPTION>

	Nine months ended			
	Sept 29, 2006 (Unaudited)		**Sept 30, 2005 (Unaudited)**	
<BTB> <S>				
	Amount	**%**	**Amount**	**%**
Sales	$ 333,364	100.0	$ 270,536	100.0
Cost of sales	254,157	76.2	202,409	74.8
Warranty expense	638	0.2	103	0.0
Total cost of sales	254,795	76.4	202,512	74.9
Gross profit	78,569	23.6	68,024	25.1
Selling, general and administrative expenses	38,238	11.5	46,221	17.1
Amortization expense	3,228	1.0	3,078	1.1
Total operating expenses	41,466	12.4	49,299	18.2
Operating income	37,103	11.1	18,725	6.9
Other income (expense):				
Interest expense	(11,147)	(3.3)	(10,918)	(4.0)
Interest income	418	0.1	333	0.1
Other, net	(786)	(0.2)	743	0.3
Income before income tax expense and minority interest	25,588	7.7	8,883	3.3
Minority interest in net income of subsidiary	(149)	(0.0)	(279)	(0.1)
Income tax provision	10,839	3.3	3,618	1.3
Net income	$ 14,600	4.4	$ 4,986	1.8
Basic and diluted earnings per share	$ 17.66		$ 6.03	
Weighted average common shares outstanding	826,948		826,948	

</TABLE>

Three Months Ended September 29, 2006 Compared to Three Months Ended September 30, 2005

Sales increased 18.4% or $19.8 million to $127.6 million in the third quarter of 2006 compared to $107.7 million in the third quarter of 2005. Grain equipment sales increased $18.3 million or 28.5% to $82.4 million during the third quarter of 2006 compared to the $64.1 million in the third quarter 2005, due to higher volume. Expectations for a positive harvest, a movement to increase farm storage and higher international sales contribute to this growth. Swine equipment sales increased 33.2% to $26.9 million in the third quarter of 2006 compared to $20.2 million in the third quarter of 2005 due to an improved swine production market that allows producers to upgrade equipment. Swine commodity prices remain positive. Poultry equipment sales decreased 22.2 % to $18.2 million in the third quarter of 2006 compared to $23.4 million in the third quarter of 2005. Declining poultry meat prices contributed to this market decline.

Cost of goods sold increased 24.2% or $19.0 million to $97.7 million or 76.6% of sales in the third quarter of 2006 compared to $78.7 million or 73.0% of sales in the third quarter of 2005. Cost of goods sold after extraordinary and non-recurring expenses related to the inventory fair value step up of $2.0 million in the third quarter of 2005, resulted in a year over year increase of 27.4% or $21.0 million. This increase is primarily due to higher volume including some associated premium costs (e.g. overtime, outsourcing of components, and additional labor costs.), material cost increases and higher cost relative to international sales.

Gross profit increased to $29.9 million in the third quarter of 2006 or 23.4% of sales from $29.0 million or 27.0% of sales in the same period of 2005. This increase was primarily due to the reasons cited above.

Operating expenses decreased 6.1% or $1.0 million to $15.1 million in the third quarter of 2006 from $16.1 million in the same period of 2005. Amortization expense decreased by $0.9 million for the period. Operating expenses in the third quarter 2005 included extraordinary and non-recurring expenses of $1.9 million related primarily to the change in ownership of the Company. In the three months ended September 29, 2006, excluding the extraordinary costs in 2005, operating expenses increased $1.8 million. This included: higher distribution expenses incurred due to higher volume, additional costs associated with the establishment of the current management team and higher support costs including legal, consulting, and management fees.

Operating income increased to $14.8 million in the third quarter of 2006 from $13.0 million in the third quarter of 2005. Operating income margin decreased to 11.6% of sales in 2006 from 12.1% in 2005.

Interest expense decreased $0.1 million in the third quarter of 2006 as compared to the third quarter of 2005.

Other, Net increased $1.0 million primarily due to the cost related to the extinguishment of debt.

Income tax expense increased $0.3 million to $4.4 million in the third quarter of 2006 from a tax expense of $4.1 million in the same period of 2005.

Net income increased by $0.7 million to $6.1 million for the third quarter of 2006 from $5.4 million in the same period of 2005.

Nine Months Ended September 29, 2006 Compared to Nine Months Ended September 30, 2005

Sales increased 23.2% or $62.8 million to $333.3 million in the first nine months of 2006 compared to $270.5 million in the first nine months of 2005. Grain equipment sales increased 26.1% during the first nine months of 2006 to $202.3 million as compared to $160.4 the first nine months 2005 due to higher volume. Sales volume was positively influenced by a higher percentage of orders placed under the winter program that were shipped in the first six months. The winter program provided deeper discounts which led to lower net pricing on some product lines year over year in the second quarter. Expectations for a positive harvest, a movement to increase farm storage and higher international sales contribute to the sale growth. Swine equipment sales increased 41.9% to $71.5 million in the first nine months of 2006 compared to $50.4 million in the first nine months of 2005 due to an improved swine production market that allows producers to upgrade equipment. Swine commodity prices remain positive and weather conditions were favorable early in the year. Poultry equipment sales remained flat at $59.6 million in the first nine months of 2006 compared to $59.8 million in the first nine months of 2005.

Cost of goods sold increased 25.8% or $52.3 million to $254.8 million or 76.4% of sales in the first nine months of 2006 compared to $202.5 million or 74.9% of sales in the first nine months of 2005. Cost of goods sold after extraordinary and non-recurring expenses related to the inventory fair value step up of $4.6 million in the first nine months of 2005, resulted in a year over year increase of 26.8% or $53.9 million. This increase is primarily due to higher volume including associated premium costs (e.g. overtime, outsourcing of components, and additional labor costs.), material cost increases and higher cost relative to international sales.

Gross profit increased to $78.6 million in the first nine months of 2006, or 23.6% of sales, from $68.0 million, or 25.1% of sales, in the same period of 2005. This increase was primarily due to the reasons cited above.

Operating expenses decreased 15.9% or $7.8 million to $41.5 million in the first nine months of 2006 from $49.3 million in the same period of 2005. In 2005, operating expenses included extraordinary and non-recurring expenses of $13.4 million related primarily to the change in ownership of the Company. In 2006, excluding the extraordinary costs in 2005, operating expenses increased by $5.6 million which included: higher distribution expenses related to higher sales volume, additional costs associated with the establishment of the current management team and higher support costs including legal, consulting, and management fees.

Operating income increased to $37.1 million in the first nine months of 2006 from $18.7 million in the first nine months of 2005. Operating income margins increased to 11.1% of sales in 2006 from 6.9% in 2005.

Interest expense increased $0.2 million in the first nine months of 2006 as compared to the first nine months of 2005 due to higher borrowing costs, offset by less debt.

Other, Net increased 1.5 million primarily due to the cost related to the extinguishment of debt.

Income tax expense increased $7.2 million to $10.8 million in the first nine months of 2006 from $3.6 million in the same period of 2005. This increase is due to the Company changing from a “C” Corporation on May 16, 2005 from an “S” Corporation.

Net income increased by $9.6 million to $14.6 million for the first nine months of 2006 from $5.0 million in the same period of 2005.

Liquidity and Capital Resources

The Company has historically funded capital expenditures, working capital requirements, debt service, stockholder dividends and stock repurchases from cash flow from its operations, augmented by borrowings made under the Company's credit facility and the sale of the Company's notes.

The Company's working capital requirements for its operations are seasonal, with investments in working capital typically building in the second and third quarters and then declining in the first and fourth quarters. The Company defines working capital as current assets less current liabilities. As of September 29, 2006, the Company had $54.6 million of working capital, an increase of $3.1 million from working capital as of December 31, 2005. The increase in working capital was primarily due to increases in cash, accounts receivable, inventory and deferred taxes and decreases in accrued warranty and current maturities of long-term debt of $26.5 million, partially offset by decreases in prepaids, income tax receivable, other current assets and increases in accounts payable, payroll and payroll related expenses, accrued interest, accrued workers compensation, other accrued expenses and customer deposits of $23.4 million.

Cash flows from operating activities decreased $3.9 million in the first nine months of 2006 compared to 2005 and provided $21.8 million and $25.6 million, respectively.

Investing activities used $9.2 million and $4.4 million in cash flow in the first nine months of 2006 and 2005, respectively. The cash was used primarily for the purchase of property, plant and equipment.

Financing activities used $8.6 million and used $19.6 million in cash flow in the first nine months of 2006 and 2005, respectively. The cash was used primarily to pay down debt.

The Company believes that existing cash, cash flow from operations and available borrowings under its refinanced revolving credit facility will be sufficient to support its working capital, capital expenditures and debt service requirements for the foreseeable future. As of September 29, 2006, the Company had approximately $45.0 million of availability under the credit facility.

Revolving Credit Facility

On May 16, 2005, concurrently with the issuance of $110,000,000 of 12% Senior Notes due 2013 and the closing of the acquisition of The GSI Group, Inc. (the "Company") by GSI Holdings Corp. ("GSI Holdings"), an affiliate of Charlesbank Equity Fund V, Limited Partnership, the Company refinanced its existing credit facility with a five-year asset-backed revolving credit facility provided by lenders led by Wachovia Capital Finance Corporation (Central) ("Wachovia"), as the agent. The maximum amount of revolving credit available under the Company's refinanced credit facility (the "Credit Facility") is $60.0 million and the Company has the option to increase the facility in increments of $5.0 million up to a maximum of $75.0 million (subject to compliance with the covenants in the indenture). Up to $15 million of the facility is available for issuances of letters of credit.

The Credit Facility provides floating rate revolving loans bearing interest at a rate equal to 0.0% to 0.5% over Wachovia's prime rate or 1.50% to 2.00% over LIBOR, in each case based on the excess availability under the borrowing base from time to time.

The Company's obligations under its Credit Facility are secured by a first priority lien on, and pledge of, substantially all of its and any subsidiary guarantors' current and future assets. In addition, GSI Holdings pledged all of its shares of the Company's common stock, as well as any rights that it may have under the stock purchase agreement with the Company's selling stockholders, as additional collateral security.

The Credit Facility contains a number of covenants that, among other things, restrict our ability to dispose of assets, incur additional indebtedness, pay or make dividends or distributions to the Company’s stockholders, create liens on assets, enter into sale and leaseback transactions and otherwise restrict our general corporate activities. The Company is also required to comply with specified financial ratios and tests including a fixed charge coverage ratio.

As of September 29, 2006 the Company had $13.9 million of revolving loans outstanding and $5.9 million of standby letters of credit which reduced the overall availability under the credit facility to $45.0 million. As of September 29, 2006 the Company had expensed as Cost of Sales $1.2 million related to the standby letters of credit under the credit facility.

Senior Notes due 2013

On May 16, 2005, concurrently with the refinancing of its existing revolving credit facility with Wachovia Capital Finance Corporation and the closing of the acquisition of The GSI Group, Inc. (the "Company") by GSI Holdings Corp. ("GSI Holdings"), an affiliate of Charlesbank Equity Fund V, Limited Partnership, the Company issued and sold $110,000,000 aggregate principal amount of Senior Notes due 2013 (the "Notes"). Payment on the Notes is guaranteed on an unsecured basis by GSI Holdings and by all of the Company's domestic material subsidiaries. None of the Company's domestic subsidiaries are currently material subsidiaries. The Notes were issued under an Indenture among the Company, the Guarantors and U.S. Bank National Association, as trustee (the "Indenture").

The Notes have a fixed annual interest rate of 12%, which will be paid semiannually in arrears on May 15 and November 15, commencing on November 15, 2005.

Prior to May 15, 2008, the Company may redeem up to 35% of the Notes at a redemption price of 112.000% of the principal amount, plus accrued and unpaid interest from the proceeds of certain equity offerings; *provided* that: (i) at least 65% of the aggregate principal amount of Notes originally issued under the Indenture (excluding Notes held by the Company and its subsidiaries) remains outstanding immediately after the occurrence of such redemption and (ii) the redemption occurs within 90 days of the date of the closing of such equity offering. Except pursuant to the preceding sentence, the Notes will not be redeemable at the Company's option prior to May 15, 2009.

On or after May 15, 2009, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) listed below plus accrued and unpaid interest and liquidated damages, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve-month period beginning on May 15 of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date: 2009 at a redemption price of 106.000%; 2010 at a redemption price of 103.000%; and 2011 and thereafter at a redemption price of 100.000%.

Upon a change of control, as defined in the Indenture, the Company is required to offer to purchase all of the Notes then outstanding for cash at 101% of the aggregate principal amount thereof plus accrued and unpaid interest and liquidated damages, if any, on the Notes repurchased to the date of purchase, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Also on May 16, 2005, the Company issued a call for redemption for all $100 million principal amount of its existing 10-1/4% senior subordinated notes due 2007 at a price of 101.729% plus accrued interest from May 1, 2005 to the date of redemption.

The Company purchased $7.4 million of its outstanding bonds from Charlesbank, an affiliate of its parent, on May 12, 2006 and immediately retired them. The bonds were purchased at a 1% premium. The Company purchased $5.0 million of its outstanding bonds on August 25, 2006 and immediately retired them. The bonds were purchased at fair market value.

Inflation

The Company believes that inflation has not had a material effect on its results of operations or financial condition during recent periods.

Critical Accounting Policies

There have been no material changes to the critical accounting policies since December 31, 2005.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to market risk associated with adverse changes in interest rates and foreign currency exchange rates. The Company does not hold any market risk sensitive instruments for trading purposes. At September 29, 2006, principal exposed to interest rate risk was limited to $14.2 million in variable rate debt. The interest rates on the Company's various debt instruments range from 4.5% to 12.0%. The Company measures its interest rate risk by estimating the net amount by which potential future net earnings would be impacted by hypothetical changes in market interest rates related to all interest rate sensitive assets and liabilities. A 1% change in interest rates would have a $0.1 million impact on the Company's results of operations.

At September 29, 2006, approximately 13.6% of sales were derived from international operations with exposure to foreign currency exchange rate risk. The Company mitigates its foreign currency exchange rate risk principally by establishing local production facilities in the markets it serves and by invoicing customers in the same currency as the source of the products. The Company also monitors its foreign currency exposure in each country and implements strategies to respond to changing economic and political environments. The Company's exposure to foreign currency exchange rate risk relates primarily to the financial position and the results of operations of its Brazilian subsidiary. The Company's exposure to such exchange rate risk as it relates to the Company's financial position and results of operations would be adversely impacted by devaluation of the Brazilian Real per U.S. dollar. These amounts are difficult to accurately estimate due to factors such as the inherent fluctuation of inter-company account balances, balance sheet accounts and the existing economic uncertainty and future economic conditions in the international marketplace.

ITEM 4. CONTROLS AND PROCEDURES

Overview

In connection with the preparation of its Annual Report on Form 10-K for the fiscal year ended December 31, 2005, the Company's management identified material weaknesses in the Company's internal controls over financial reporting. As defined by the Public Company Accounting Oversight Board ("PCAOB") in Auditing Standard No. 2, a material weakness is a significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

The identified material weaknesses in the Company's internal controls over financial reporting have resulted in insufficient controls relating to financial statement preparation and SEC reporting, inventory accounting, accounts payable cut-off, accrued expenses and segregation of duties. The Company's management has discussed the material weaknesses with its independent registered public accounting firm, BKD, LLP, the Audit Committee of the Board of Directors and the Company's Board of Directors. BKD, LLP issued a "material weakness" letter in connection with its audit of the Company's financial statements for the fiscal year ended December 31, 2005. The conclusions of Company management regarding the effectiveness of the Company’s disclosure controls and procedures as of September 29, 2006, the end of the period covered by this Quarterly Report on Form 10-Q, are covered in more detail in the following paragraph.

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports it files or submits under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including the Company's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding disclosure. The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the Company's disclosure controls and procedures as of September 29, 2006, the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, which included a review of the matters discussed above, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures, while the Company has made some improvements, were not effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Controls

In the first nine months of 2006, new accounting staff at the management level were added, others were reassigned, and the CFO became more familiar with the Company, its finances and accounting needs. The Company's management believes, however, that substantial remediation measures are required in order to improve the Company's internal controls. The Company believes that the material weaknesses identified above resulted in part from inadequate staffing and training within the Company's finance and accounting group, and the Company believes that the process of preparing this Quarterly Report on Form 10-Q and the related review of the Company's financial statements for the periods ended September 29, 2006 and September 30, 2005 has resulted in a significant improvement in the finance and accounting staff's familiarity with the accounting and financial treatment of the issues identified above. Although the Company believes that progress has been made in addressing the material weaknesses in its internal controls discussed above, the Company's management intends to continue to work to improve its internal controls.

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PART II
OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

There are no legal proceedings pending against the Company, which, in the opinion of management, would have a material adverse effect on the Company's business, financial position or results of operations.

ITEM 6. EXHIBITS.

(a) **Exhibits:**

A list of the exhibits included as part of this Form 10-Q is set forth in the Index to Exhibits that immediately precedes such exhibits, which is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The GSI Group, Inc.

By:/s/ John Henderson
Chief Financial Officer

Date: November 13, 2006

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Exhibit 31.1

CERTIFICATIONS

I, William Branch, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The GSI Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Paragraph omitted pursuant to SEC Release nos. 33-8392 and 34-49313.]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2006

/s/ William Branch

Chief Executive Officer and Chairman of the Board

Exhibit 31.2

CERTIFICATIONS

I, John Henderson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of The GSI Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) [Paragraph omitted pursuant to SEC Release nos. 33-8392 and 34-49313.]

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2006

/s/ John Henderson
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the accompanying Quarterly Report on Form 10-Q of The GSI Group, Inc., a Delaware corporation (the "Company"), for the quarter ended September 29, 2006, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, William Branch, as Interim Chief Executive Officer of the Company and Chairman of the Board, and John Henderson, as Chief Financial Officer of the Company, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 13, 2006

/s/ WILLIAM BRANCH
William Branch
Chief Executive Officer and Chairman of the Board

/s/ JOHN HENDERSON
John Henderson
Chief Financial Officer

This certification shall not be deemed "filed" by the Company for purposes of Section 18 of the Securities Exchange Act of 1934. In addition, this certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934.

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

INDEX TO EXHIBITS
<TABLE><CAPTION>

<BTB> Exhibit No.	**Document Description**
<S>	
3.1*	Amended and Restated Articles of Incorporation of The GSI Group, Inc., as amended as of October 23, 1997.
3.2*	By-Laws of The GSI Group, Inc, as adopted on September 4, 2001.
31.1	Certification of Chief Executive Officer and Chairman of the Board.
31.2	Certification of Chief Financial Officer.
32.1	Section 906 Certification.

</TABLE>

* Incorporated by reference from the Company's Registration Statement of Form S-4 (Reg. No. 333-43089) filed with the Commission pursuant to the Securities Act of 1933, as amended.

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