

NEWPORT CORP  
Form 10-Q  
November 07, 2013  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**

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**FORM 10-Q**

(Mark One)

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

**For the quarterly period ended September 28, 2013**

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: 000-01649**

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**NEWPORT CORPORATION**

*(Exact name of registrant as specified in its charter)*

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**Nevada**  
*(State or other jurisdiction of  
incorporation or organization)*

**94-0849175**  
*(IRS Employer Identification No.)*

**1791 Deere Avenue, Irvine, California 92606**

*(Address of principal executive offices) (Zip Code)*

**(949) 863-3144**

*(Registrant's telephone number, including area code)*

**Not Applicable**

*(Former name, former address and former fiscal year, if changed since last report)*

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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 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

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes " No ý

As of October 25, 2013, 39,145,314 shares of the registrant's sole class of common stock were outstanding.

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	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 28, 2013</b>	<b>September 29, 2012</b>	<b>September 28, 2013</b>	<b>September 29, 2012</b>
Net sales	\$ 139,037	\$ 142,881	\$ 405,878	\$ 453,703
Cost of sales	79,306	80,073	233,778	255,943
Gross profit	59,731	62,808	172,100	197,760
Selling, general and administrative expenses	35,649	37,320	111,324	123,267
Research and development expense	13,129	12,869	39,807	40,319
Loss on sale of assets	4,517	-	4,517	-
Operating income	6,436	12,619	16,452	34,174
Gain on sale of investment	-	950	-	6,248
Loss on extinguishment of debt	(3,355)	-	(3,355)	-
Interest and other expense, net	(1,293)	(2,082)	(5,472)	(7,097)
Income before income taxes	1,788	11,487	7,625	33,325
Income tax provision	1,199	3,955	1,697	10,144
Net income	589	7,532	5,928	23,181
Net income (loss) attributable to non-controlling interests	152	(104)	83	(201)
Net income attributable to Newport Corporation	\$ 437	\$ 7,636	\$ 5,845	\$ 23,382
Net income	\$ 589	\$ 7,532	\$ 5,928	\$ 23,181
Other comprehensive income:				
Foreign currency translation gains (losses)	2,995	1,399	1,320	(499)
Unrecognized net pension gains (losses)	(67)	10	161	96
Unrealized gains (losses) on marketable securities	22	(13)	(126)	(120)
Comprehensive income	\$ 3,539	\$ 8,928	\$ 7,283	\$ 22,658
Comprehensive income (loss) attributable to non-controlling interests	\$ 154	\$ (94)	\$ 8	\$ (209)
Comprehensive income attributable to Newport Corporation	3,385	9,022	7,275	22,867

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Comprehensive income	\$	3,539	\$	8,928	\$	7,283	\$	22,658
Net income per share attributable to Newport Corporation:								
Basic	\$	0.01	\$	0.20	\$	0.15	\$	0.61
Diluted	\$	0.01	\$	0.20	\$	0.15	\$	0.60
Shares used in per share calculations:								
Basic		39,121		38,264		38,935		38,072
Diluted		39,657		38,645		39,426		38,825

See accompanying notes.

Table of Contents**NEWPORT CORPORATION****Consolidated Balance Sheets****(In thousands, except share and per share data)****(Unaudited)**

	<b>September 28, 2013</b>	<b>December 29, 2012</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 47,328	\$ 88,767
Restricted cash	3,405	3,107
Marketable securities	5,318	8,498
Accounts receivable, net of allowance for doubtful accounts of \$1,366 and \$1,548 as of September 28, 2013 and December 29, 2012, respectively	94,737	89,445
Inventories	105,841	108,728
Deferred income taxes	19,811	19,872
Prepaid expenses and other current assets	22,591	19,263
Total current assets	299,031	337,680
Property and equipment, net	79,190	82,843
Goodwill	78,698	79,586
Deferred income taxes	5,502	5,646
Intangible assets, net	69,857	77,446
Investments and other assets	34,455	37,760
	\$ 566,733	\$ 620,961
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Short-term borrowings, net	\$ 5,614	\$ 32,985
Accounts payable	31,657	31,061
Accrued payroll and related expenses	28,596	29,096
Accrued expenses and other current liabilities	41,054	34,696
Total current liabilities	106,921	127,838
Long-term debt, net	102,069	150,758
Accrued pension liabilities	28,316	27,764
Deferred income taxes and other liabilities	22,809	23,783
Commitments and contingencies (Note 16)		
Stockholders' equity:		
Common stock, par value \$0.1167 per share, 200,000,000 shares authorized; 39,132,628 and 38,402,291 shares issued and outstanding as of September 28, 2013 and December 29, 2012, respectively	4,567	4,481
Capital in excess of par value	449,505	441,074
Accumulated other comprehensive loss	(5,519)	(6,949)
Accumulated deficit	(143,329)	(149,174)
Total stockholders' equity of Newport Corporation	305,224	289,432
Non-controlling interests	1,394	1,386
Total stockholders' equity	306,618	290,818

\$ 566,733 \$ 620,961

See accompanying notes.



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## NEWPORT CORPORATION

## Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Nine Months Ended	
	September 28, 2013	September 29, 2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 5,928	\$ 23,181
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	23,079	31,570
Loss (gain) on sale of assets	4,517	(6,414)
Provision for losses on inventories	5,610	5,177
Stock-based compensation expense	6,590	6,265
Provision for doubtful accounts	198	301
Loss on disposal of property and equipment	516	233
Loss on extinguishment of debt	3,355	-
Deferred income taxes	16	1,306
Increase (decrease) in cash, net of acquisition, due to changes in:		
Accounts and notes receivable	(6,987)	4,030
Inventories	(3,897)	(3,798)
Prepaid expenses and other assets	(3,938)	133
Accounts payable	329	(1,133)
Accrued payroll and related expenses	(1,123)	(9,384)
Accrued expenses and other liabilities	5,760	2,699
Other long-term liabilities	119	154
Net cash provided by operating activities	40,072	54,320
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(10,972)	(8,297)
Restricted cash	(278)	9,420
Gain on sale of assets	-	5,373
Business acquisition, net of cash acquired	-	(8,939)
Purchase of marketable securities	(2,485)	