

SI INTERNATIONAL INC  
Form 10-Q  
November 07, 2006

**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 30, 2006
- 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**

**52-2127278**  
(I.R.S. Employer  
Identification No.)

**20190-5869**

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(Address of principal executive offices)

(Zip Code)

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

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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 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

Accelerated filer

Non-accelerated filer

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

As of November 1, 2006, there were 12,959,159 shares outstanding of the registrant's common stock.

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**PART I: FINANCIAL INFORMATION****Item 1. Financial Statements**

**SI International Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(Amounts in thousands, except share data)

	September 30, 2006 (Unaudited)	December 31, 2005
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 15,632	\$ 26,160
Marketable securities		7,850
Accounts receivable, net	93,046	93,633
Other current assets	7,091	6,698
Total current assets	115,769	134,341
<b>Property and equipment, net</b>	11,601	5,908
<b>Intangible assets, net</b>	21,241	16,483
<b>Other assets</b>	6,288	5,655
<b>Goodwill</b>	220,772	173,308
Total assets	\$ 375,671	\$ 335,695
<b>Liabilities and stockholders' equity</b>		
<b>Current liabilities:</b>		
Current portion of long-term debt	\$ 839	\$ 1,000
Accounts payable	18,612	25,364
Accrued expenses and other current liabilities	27,053	29,674
Note payable - former owner of acquired business	5,743	2,280
Total current liabilities	52,247	58,318
<b>Long-term debt, net of current portion</b>	77,555	98,250
<b>Deferred income tax</b>	7,388	5,221
<b>Other long-term liabilities</b>	6,306	6,037
<b>Stockholders' equity:</b>		
Common stock - \$0.01 par value per share; 50,000,000 shares authorized; 12,914,896 and 11,341,222 shares issued and outstanding as of September 30, 2006 and December 31, 2005, respectively	129	114
Additional paid-in capital	183,835	133,843
Accumulated other comprehensive income	184	
Retained earnings	48,027	33,912
Total stockholders' equity	232,175	167,869
Total liabilities and stockholders' equity	\$ 375,671	\$ 335,695

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 30, 2006	September 24, 2005	September 30, 2006	September 24, 2005
Revenue	\$ 119,869	\$ 101,775	\$ 346,334	\$ 281,475
Operating costs and expenses:				
Cost of services	77,092	62,743	218,669	173,944
Selling, general and administrative	30,652	28,723	93,830	80,231
Depreciation and amortization	756	504	1,977	1,586
Amortization of intangible assets.	823	612	2,293	1,680
Total operating costs and expenses	109,323	92,582	316,769	257,441