BROOKS AUTOMATION INC
Form 10-Q
August 09, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the quarterly period ended: June 30, 2012

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 0-25434

BROOKS AUTOMATION, INC.

(Exact name of registrant as specified in its charter)

Delaware	**04-3040660**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

15 Elizabeth Drive

Chelmsford, Massachusetts

(Address of principal executive offices)

01824

(Zip Code)

Registrant s telephone number, including area code: (978) 262-2400

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 x 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 during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x 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. (Check one):

Large accelerated filer x	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 x

Indicate the number of shares outstanding of each of the registrant s classes of common stock, as of the latest practical date, July 27, 2012: Common stock, $0.01 par value and 66,229,799 shares outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. ***Consolidated Financial Statements***

BROOKS AUTOMATION, INC.

CONSOLIDATED BALANCE SHEETS

(unaudited)

(In thousands, except share and per share data)

	June 30, 2012	September 30, 2011
Assets		
Current assets		
Cash and cash equivalents	$ 61,564	$ 58,833
Restricted cash	762	1,293
Marketable securities	87,606	65,695
Accounts receivable, net	87,297	76,701
Inventories	106,819	107,654
Prepaid expenses and other current assets	10,396	10,348
Total current assets	354,444	320,524
Property, plant and equipment, net	65,024	68,596
Long-term marketable securities	54,498	81,290
Goodwill	88,440	84,727
Intangible assets, net	41,111	44,314
Equity investment in joint ventures	35,785	34,950
Other assets	6,021	2,557
Total assets	$ 645,323	$ 636,958
Liabilities and equity		
Current liabilities		
Accounts payable	$ 46,606	$ 40,199
Deferred revenue	10,789	14,073
Accrued warranty and retrofit costs	7,370	7,438
Accrued compensation and benefits	15,187	17,288
Accrued restructuring costs	751	293
Accrued income taxes payable	4,317	4,015
Accrued expenses and other current liabilities	14,105	12,433
Total current liabilities	99,125	95,739
Income taxes payable	10,092	11,728
Long-term pension liability	7,161	7,161
Other long-term liabilities	3,397	3,394
Total liabilities	119,775	118,022
Contingencies (Note 18)		
Equity		

Preferred stock, $0.01 par value, 1,000,000 shares authorized, no shares issued and outstanding		
Common stock, $0.01 par value, 125,000,000 shares authorized, 79,694,001 shares issued and 66,232,132 shares outstanding at June 30, 2012, 79,737,189 shares issued and 66,275,320 shares outstanding at September 30, 2011	797	797
Additional paid-in capital	1,815,114	1,809,287
Accumulated other comprehensive income	13,429	17,324
Treasury stock at cost, 13,461,869 shares at June 30, 2012 and September 30, 2011	(200,956)	(200,956)
Accumulated deficit	(1,103,435)	(1,108,105)
Total Brooks Automation, Inc. stockholders equity	524,949	518,347
Noncontrolling interest in subsidiaries	599	589
Total equity	525,548	518,936
Total liabilities and equity	$ 645,323	$ 636,958

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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BROOKS AUTOMATION, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)

(In thousands, except per share data)

	Three months ended June 30, 2012	Three months ended June 30, 2011	Nine months ended June 30, 2012	Nine months ended June 30, 2011
Revenues				
Product	$ 119,172	$ 166,658	$ 333,891	$ 502,783
Services	21,265	19,478	66,111	54,371
Total revenues	140,437	186,136	400,002	557,154
Cost of revenues				
Product	77,821	115,299	217,553	342,933
Services	16,376	13,867	47,570	38,258
Total cost of revenues	94,197	129,166	265,123	381,191
Gross profit	46,240	56,970	134,879	175,963
Operating expenses				
Research and development	11,691	10,025	36,169	28,365
Selling, general and administrative	25,344	24,676	76,356	74,399
Restructuring charges	880	97	1,125	557
In-process research and development			3,026	
Total operating expenses	37,915	34,798	116,676	103,321
Operating income	8,325	22,172	18,203	72,642
Interest income	292	350	844	886
Interest expense	(5)	(10)	(12)	(39)
Sale of contact manufacturing business		45,009		45,009
Other income, net	202	1,068	497	1,485
Income before income taxes and equity in earnings of joint ventures	8,814	68,589	19,532	119,983
Income tax provision	985	3,300	626	5,323
Income before equity in earnings of joint ventures	7,829	65,289	18,906	114,660
Equity in earnings of joint ventures	196	1,632	1,676	3,057
Net income	$ 8,025	$ 66,921	$ 20,582	$ 117,717
Net loss (income) attributable to noncontrolling interests	3	(6)	(10)	(24)
Net income attributable to Brooks Automation, Inc.	$ 8,028	$ 66,915	$ 20,572	$ 117,693
Basic net income per share attributable to Brooks Automation, Inc. common stockholders	$ 0.12	$ 1.03	$ 0.32	$ 1.83

Diluted net income per share attributable to Brooks Automation, Inc. common stockholders	$	0.12	$	1.03	$	0.31	$	1.81
Shares used in computing earnings per share								
Basic		65,264		64,668		65,038		64,481
Diluted		65,781		65,141		65,677		64,941

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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BROOKS AUTOMATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

(In thousands)

	Nine months ended June 30,	
	2012	2011
Cash flows from operating activities		
Net income	$ 20,582	$ 117,717
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	16,159	12,336
Stock-based compensation	6,903	5,211
Amortization of premium on marketable securities	1,804	1,534
Undistributed earnings of joint ventures	(1,676)	(3,057)
(Gain) loss on disposal of long-lived assets	(62)	24
Sale of contract manufacturing business		(45,009)
Changes in operating assets and liabilities, net of acquisitions and disposals:		
Accounts receivable	(10,007)	(461)
Inventories	961	(11,248)
Prepaid expenses and other current assets	(1,141)	3,245
Accounts payable	6,496	(11,812)
Deferred revenue	(3,625)	(1,410)
Accrued warranty and retrofit costs	(72)	(638)
Accrued compensation and benefits	(3,869)	(72)
Accrued restructuring costs	465	(2,943)
Accrued expenses and other current liabilities	(344)	3,802
Net cash provided by operating activities	32,574	67,219
Cash flows from investing activities		
Purchases of property, plant and equipment	(6,364)	(4,163)
Purchases of marketable securities	(93,306)	(145,821)
Sale/maturity of marketable securities	96,499	78,644
Proceeds from the sale of the contract manufacturing business		75,664
Proceeds from assets sold		4,372
Acquisitions, net of cash acquired	(8,716)	(3,381)
Other investment	(3,000)	
Decrease (increase) in restricted cash	531	(760)
Net cash (used in) provided by investing activities	(14,356)	4,555
Cash flows from financing activities		
Proceeds from the issuance of common stock, net of issuance costs	841	681
Common stock dividend paid	(15,719)	
Net cash (used in) provided by financing activities	(14,878)	681
Effects of exchange rate changes on cash and cash equivalents	(609)	837
Net increase in cash and cash equivalents	2,731	73,292

Cash and cash equivalents, beginning of period	58,833	59,823
Cash and cash equivalents, end of period	$ 61,564	$ 133,115

The accompanying notes are an integral part of these unaudited consolidated financial statements.

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BROOKS AUTOMATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Basis of Presentation

The unaudited consolidated financial statements of Brooks Automation, Inc. and its subsidiaries (Brooks or the Company) included herein have been prepared in accordance with generally accepted accounting principles, or GAAP. In the opinion of management, all material adjustments which are of a normal and recurring nature necessary for a fair presentation of the results for the periods presented have been reflected.

Certain information and footnote disclosures normally included in the Company s annual consolidated financial statements have been condensed or omitted and, accordingly, the accompanying financial information should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company s Annual Report on Form 10-K, filed with the United States Securities and Exchange Commission (the SEC) for the fiscal year ended September 30, 2011. Certain reclassifications have been made in the prior period consolidated financial statements to conform to the current presentation.

Revision of Prior Period Financial Statements

In the third quarter of fiscal 2012, the Company identified prior period errors related to the accounting for its equity method investment in ULVAC Cryogenics, Inc. (UCI). Specifically, the Company determined that certain subsidiaries of UCI were not fully included in the results of UCI reported to the Company. Therefore the Company s portion of these subsidiaries of the joint venture were not reflected within equity in earnings of joint ventures in the Company s consolidated statements of operations or within equity investment in joint ventures in the Company s consolidated balance sheets for the quarterly and annual periods beginning in the fiscal year ended September 30, 2006 through the quarterly period ended March 31, 2012. In evaluating whether the Company s previously issued consolidated financial statements were materially misstated, the Company considered the guidance in Accounting Standard Codification (ASC) Topic 250, *Accounting Changes and Error Corrections*, ASC Topic 250-10-S99-1, *Assessing Materiality*, and ASC Topic 250-10-S99-2, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*. The Company concluded these errors were not material individually or in the aggregate to any of the prior reporting periods, and therefore, amendments of previously filed reports were not required. However, if the entire correction was recorded in the third quarter of 2012, the cumulative amount would be material in the year ended September 30, 2012 and would have impacted comparisons to prior periods. As such, the revisions for these corrections to the applicable prior periods are reflected in the financial information herein and will be reflected in future filings containing such financial information. The revision had no net impact on the Company s consolidated statements of cash flows for any prior period.

The following table summarizes the effects of the error on the prior period financial statements (in thousands, except per share data):

Revised Consolidated Balance Sheet Amounts

	As of September 30, 2011		
	As Previously Reported	Adjustment	As Revised
Equity investments in joint ventures	$ 34,612	$ 338	$ 34,950
Total assets	636,620	338	636,958
Accumulated other comprehensive income	19,480	(2,156)	17,324
Accumulated deficit	(1,110,599)	2,494	(1,108,105)
Total Brooks Automation, Inc. stockholders equity	518,009	338	518,347
Total equity	518,598	338	518,936
Total liabilities and equity	636,620	338	636,958

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Revised Consolidated Statement of Operations Amounts

	Three Months Ended December 31, 2011			Three Months Ended March 31, 2012			Six Months Ended March 31, 2012		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Equity in earnings of joint ventures	$ 1,225	$ (175)	$ 1,050	$ 195	$ 235	$ 430	$ 1,420	$ 60	$ 1,480
Net income	3,006	(175)	2,831	9,491	235	9,726	12,497	60	12,557
Net income attributable to Brooks Automation, Inc.	2,998	(175)	2,823	9,486	235	9,721	12,484	60	12,544
Net income per share attributable to Brooks Automation, Inc. common shareholders:									
Basic	$ 0.05	$ (0.00)	$ 0.04	$ 0.15	$ 0.00	$ 0.15	$ 0.19	$ 0.00	$ 0.19
Diluted	$ 0.05	$ (0.00)	$ 0.04	$ 0.14	$ 0.00	$ 0.15	$ 0.19	$ 0.00	$ 0.19

	Three Months Ended December 31, 2010			Three Months Ended March 31, 2011			Three Months Ended June 30, 2011		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Equity in earnings of joint ventures	$ 310	$ 469	$ 779	$ 408	$ 238	$ 646	$ 900	$ 732	$ 1,632
Net income	23,486	469	23,955	26,603	238	26,841	66,189	732	66,921
Net income attributable to Brooks Automation, Inc.	23,486	469	23,955	26,585	238	26,823	66,183	732	66,915
Net income per share attributable to Brooks Automation, Inc. common shareholders:									
Basic	$ 0.37	$ 0.01	$ 0.37	$ 0.41	$ 0.00	$ 0.42	$ 1.02	$ 0.01	$ 1.03
Diluted	$ 0.36	$ 0.01	$ 0.37	$ 0.41	$ 0.00	$ 0.41	$ 1.02	$ 0.01	$ 1.03

	Three Months Ended September 30, 2011			Six Months Ended March 31, 2011			Nine Months Ended June 30, 2011		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Equity in earnings of joint ventures	$ 1,164	$ 594	$ 1,758	$ 718	$ 707	$ 1,425	$ 1,618	$ 1,439	$ 3,057
Net income	12,126	594	12,720	50,089	707	50,796	116,278	1,439	117,717
Net income attributable to Brooks Automation, Inc.	12,098	594	12,692	50,071	707	50,778	116,254	1,439	117,693
Net income per share attributable to Brooks Automation, Inc. common shareholders:									
Basic	$ 0.19	$ 0.01	$ 0.20	$ 0.78	$ 0.01	$ 0.79	$ 1.80	$ 0.02	$ 1.83
Diluted	$ 0.19	$ 0.01	$ 0.20	$ 0.77	$ 0.01	$ 0.78	$ 1.79	$ 0.02	$ 1.81

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	Year Ended September 30, 2011			Year Ended September 30, 2010			Year Ended September 30, 2009		
	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised	As Previously Reported	Adjustment	As Revised
Equity in earnings of joint ventures	$ 2,782	$ 2,033	$ 4,815	$ 215	$ 859	$ 1,074	$ (213)	$ 246	$ 33
Net income (loss)	128,404	2,033	130,437	59,025	859	59,884	(227,773)	246	(227,527)
Net income (loss) attributable to Brooks Automation, Inc.	128,352	2,033	130,385	58,982	859	59,841	(227,858)	246	(227,612)
Net income (loss) per share attributable to Brooks Automation, Inc. common shareholders:									
Basic	$ 1.99	$ 0.03	$ 2.02	$ 0.92	$ 0.01	$ 0.94	$ (3.62)	$ 0.00	$ (3.62)
Diluted	$ 1.97	$ 0.03	$ 2.01	$ 0.92	$ 0.01	$ 0.93	$ (3.62)	$ 0.00	$ (3.62)

Recently Enacted Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (FASB) issued an amendment to the accounting requirements of goodwill, which requires a qualitative approach to considering impairment for a reporting unit with zero or negative carrying value. On October 1, 2011 the Company adopted this standard, which had no impact on its financial position or results of operations.

In December 2010, the FASB issued an amendment to the accounting requirements of business combinations, which establishes accounting and reporting standards for pro forma revenue and earnings of the combined entity for the current and comparable reporting periods. On October 1, 2011 the Company adopted this standard, which had no impact on its financial position or results of operations.

In May 2011, the FASB issued updated accounting guidance related to fair value measurements and disclosures that result in common fair value measurements and disclosures between GAAP and International Financial Reporting Standards. This guidance includes amendments which change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. On January 1, 2012 the Company adopted this standard, which had no impact on its financial position or results of operations.

In June 2011, the FASB issued an amendment to the accounting guidance for presentation of comprehensive income. Under the amended guidance, a company may present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This authoritative guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholder s equity. This amendment is effective for annual periods beginning after December 15, 2011. Other than a change in presentation, the adoption of this guidance will not have an impact on the Company s financial position or results of operations.

In September 2011, the FASB issued revised guidance intended to simplify how an entity tests goodwill for impairment. The amendment will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity no longer will be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. On October 1, 2011 the Company adopted this standard, which had no impact on its financial position or results of operations.

2. Stock-Based Compensation

The following table reflects stock-based compensation expense recorded during the three and nine months ended June 30, 2012 and 2011 (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	2012	2011
Restricted stock	1,859	1,476	6,484	4,843
Employee stock purchase plan	120	119	419	368
	$ 1,979	$ 1,595	$ 6,903	$ 5,211

The fair value per share of restricted stock is equal to the quoted price of the Company s common stock on the date of grant. In addition, for stock-based awards where vesting is dependent upon achieving certain operating performance goals, the Company estimates the likelihood of achieving the performance goals. Actual results, and future changes in estimates, may differ substantially from the Company s current estimates.

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During the three months ended December 31, 2011 and March 31, 2012, the Company granted 1,377,000 shares and 150,000 shares, respectively, of restricted stock to members of senior management of which 369,250 shares and 37,500 shares, respectively, vest over the service period and the remaining 1,007,750 shares and 112,500 shares, respectively, vest upon the achievement of certain financial performance goals which will be measured at the end of fiscal year 2014. Total compensation expense on these awards is a maximum of $19.4 million. Awards subject to service criteria are being recorded to expense ratably over the vesting period. Awards subject to performance criteria are expensed over the related service period when attainment of the performance condition is considered probable. The total amount of compensation recorded will depend on the Company s achievement against performance targets. Changes to the projected attainment against performance targets during the vesting period may result in an adjustment to the amount of cumulative compensation recorded as of the date the estimate is revised.

During the three months ended December 31, 2011, the Company s Chief Executive Officer was granted an award of 100,000 cash settled phantom units, which are subject to the same vesting terms as the performance-based restricted stock units. The Company s unaudited consolidated balance sheet at June 30, 2012 includes a liability of approximately $93,000 for this potential cash payment. The Company incurred an expense of $10,000 and $93,000 for the three and nine months ended June 30, 2012, respectively, in connection with the cash settled phantom unit award.

Stock Option Activity

The following table summarizes stock option activity for the nine months ended June 30, 2012:

	Number of Options	Weighted-Average Remaining Contractual Term	Weighted Average Exercise Price	Aggregate Intrinsic Value (In Thousands)
Outstanding at September 30, 2011	370,137		$ 14.57	
Exercised	(13,320)		7.75	
Forfeited/expired	(133,635)		17.29	
Outstanding at June 30, 2012	223,182	0.6 year	$ 13.34	$ 20
Vested at June 30, 2012	223,182	0.6 year	$ 13.34	$ 20
Options exercisable at June 30, 2012	223,182	0.6 year	$ 13.34	$ 20

The aggregate intrinsic value in the table above represents the total intrinsic value, based on the Company s closing stock price of $9.44 as of June 29, 2012, which would have been received by the option holders had all option holders exercised their options as of that date.

No stock options were granted during the three and nine months ended June 30, 2012 and 2011. The total intrinsic value of options exercised during the three and nine months ended June 30, 2012 was $0 and $56,000, respectively. The total intrinsic value of options exercised during the three and nine months ended June 30, 2011 was $0 and $15,000, respectively. The total cash received from participants as a result of stock option exercises during the three and nine months ended June 30, 2012 was $0 and $103,000, respectively. The total cash received from participants as a result of stock option exercises during the three and nine months ended June 30, 2011 was $0 and $6,000, respectively.

As of June 30, 2012 there was no future compensation cost related to stock options as all outstanding stock options have vested.

Restricted Stock Activity

A summary of the status of the Company s restricted stock as of June 30, 2012 and changes during the nine months ended June 30, 2012 is as follows:

	Nine months ended June 30, 2012	
	Shares	Weighted Average Grant-

		Date Fair Value
Outstanding at September 30, 2011	1,590,989	$ 10.15
Awards granted	1,850,419	11.80
Awards vested	(592,962)	9.69
Awards canceled	(103,332)	11.68
Outstanding at June 30, 2012	2,745,114	$ 10.46

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The fair value of restricted stock awards vested during the three months ended June 30, 2012 and 2011 was $2.0 million and $0.9 million, respectively. The fair value of restricted stock awards vested during the nine months ended June 30, 2012 and 2011 was $5.6 million and $7.3 million, respectively.

As of June 30, 2012, the unrecognized compensation cost related to restricted stock that is expected to vest is $12.6 million and will be recognized over an estimated weighted average amortization period of 2.0 years.

Employee Stock Purchase Plan

There were no shares purchased under the employee stock purchase plan during the three months ended June 30, 2012 and 2011. There were 90,433 shares purchased under the employee stock purchase plan during the nine months ended June 30, 2012 for aggregate proceeds of $0.7 million. There were 103,684 shares purchased under the employee stock purchase plan during the nine months ended June 30, 2011 for aggregate proceeds of $0.7 million.

3. Acquisitions

On December 30, 2011, the Company acquired the Celigo® Cell Cytometer product line (Celigo) from Cyntellect, Inc., for $8.7 million in cash, plus a deferred cash payment of $0.5 million that was paid in July 2012. The Celigo product line provides life science customers with cellular imaging in a high-throughput, easy-to-use and affordable platform. Celigo s operations were based in San Diego, California, and have been integrated into the Company s nearby Poway, California-based life sciences operation shortly after the acquisition. The Celigo product line resides in the Brooks Life Science Systems segment. The acquisition of Celigo provides a complementary analysis tool for customers currently using the Company s automated sample management systems.

The assets and liabilities associated with Celigo were recorded at their fair values as of the acquisition date and the amounts follow (in thousands):

Accounts receivable	$ 896
Inventory	1,139
Property, plant and equipment	202
Completed technology	3,540
Trademarks and trade names	70
Goodwill	3,713
Accounts payable	(13)
Deferred revenue	(326)
Other current liabilities	(6)
Total purchase price, net of cash acquired	$ 9,215

The estimated fair value attributed to the completed technologies was determined based upon a discounted cash flow forecast. Cash flows were discounted at a rate of 25%. The fair value of the completed technologies will be amortized over a period of 6 years on a straight-line basis, which approximates the pattern in which the economic benefits of the completed technologies are expected to be realized.

The fair value of the trade names will be amortized over 6 years on a straight-line basis, which approximates the pattern in which the economic benefits of the trade names will be realized.

Goodwill represents the excess of the purchase price over the fair values of the net tangible and intangible assets acquired and is primarily the result of expected synergies. Goodwill arising from the acquisition will be deductible for tax purposes.

Celigo s operating results have been included in the Company s results of operations from the acquisition date. Pro forma results are not provided as Celigo s results of operations were not material. Transaction costs related to this acquisition were $105,000 for the first quarter ended December 31, 2011, and are included in selling, general and administrative expense. There were no transaction costs subsequent to December 31, 2011.

During the three months ended March 31, 2012, the Company acquired primarily intellectual property from Intevac, Inc. for $3.0 million. Management evaluated this asset purchase to determine if this acquisition would be considered an acquisition of a business. Since only a limited amount of assets were acquired, management concluded that the inputs and processes required to meet the definition of a business were not acquired in this transaction, therefore, this transaction was treated as the purchase of an asset group. This asset group includes primarily intellectual property that will be utilized in the development of the Company s next generation of semiconductor automation tools that resides within the Brooks Product Solutions segment. The Company expensed essentially all of this asset purchase as an in-process research and development cost in the three months ended March 31, 2012.

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4. Goodwill and Intangible Assets

The components of the Company s goodwill by business segment at June 30, 2012 are as follows (in thousands):

	Brooks Products Solutions	Brooks Global Services	Brooks Life Science Systems	Contract Manufacturing	Other	Total
Gross goodwill at September 30, 2011	$ 485,844	$ 151,238	$ 36,589	$ 18,593	$ 7,421	$ 699,685
Less: aggregate impairment charges recorded	(437,706)	(151,238)		(18,593)	(7,421)	(614,958)
Goodwill, less accumulated impairments at September 30, 2011	$ 48,138	$	$ 36,589	$	$	$ 84,727
Acquisitions and adjustments during the nine months ended June 30, 2012			3,713			3,713
Goodwill, less accumulated impairments at June 30, 2012	$ 48,138	$	$ 40,302	$	$	$ 88,440

Components of the Company s identifiable intangible assets are as follows (in thousands):

	June 30, 2012			September 30, 2011		
	Cost	Accumulated Amortization	Net Book Value	Cost	Accumulated Amortization	Net Book Value
Patents	$ 7,808	$ 7,067	$ 741	$ 7,808	$ 6,989	$ 819
Completed technology	54,522	41,824	12,698	50,975	39,235	11,740
Trademarks and trade names	4,012	3,858	154	3,941	3,719	222
Customer relationships	48,315	20,797	27,518	49,029	17,496	31,533
	$ 114,657	$ 73,546	$ 41,111	$ 111,753	$ 67,439	$ 44,314

5. Income Taxes

The Company recorded an income tax provision of $1.0 million and $0.6 million for the three and nine months ended June 30, 2012, respectively. The $0.6 million provision for the first nine months of the year consists of foreign income taxes arising from the Company s international sales mix, certain state income taxes and interest related to unrecognized tax benefits. This provision is partially offset by a tax benefit which is driven by $1.4 million of reductions in uncertain tax positions as a result of the lapse in statutes of limitations.

The Company recorded an income tax provision of $3.3 million and $5.3 million for the three and nine months ended June 30, 2011, respectively. These provisions include $2.4 million of taxes related to the sale of the contract manufacturing business. These provisions also consist of foreign income taxes arising from the Company s international sales mix, certain state income taxes and interest related to unrecognized tax benefits.

The Company continued to provide a full valuation allowance for its net deferred tax assets at June 30, 2012, as Brooks believes it is more likely than not that the future tax benefits from accumulated net operating losses and other temporary differences will not be realized. The Company will continue to assess the need for a valuation allowance in future periods. If the Company continues to generate profits in most of its jurisdictions, it is reasonably possible that there will be a significant reduction in the valuation allowance in the next twelve months. Reduction of the valuation allowance, in whole or in part, would result in a non-cash income tax benefit during the period of reduction.

The Company is subject to U.S. federal income tax and various state, local and international income taxes in various jurisdictions. The amount of income taxes paid is subject to the Company s interpretation of applicable tax laws in the jurisdictions in which it files. In the normal course of business, the Company is subject to examination by taxing authorities throughout the world. The Company has income tax audits in progress in various jurisdictions in which it operates. In the Company s U.S. and international jurisdictions, the years that may be examined vary, with the earliest tax year being 2006. Based on the outcome of these examinations, or the expiration of statutes of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized tax benefits could change from those recorded in the Company s statement of financial position. The Company currently anticipates that it is reasonably possible that the unrecognized tax benefit will be reduced by approximately $2.5 million during the next twelve months primarily as the result of statutes of limitations expiring.

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6. Earnings per Share

Below is a reconciliation of weighted average common shares outstanding for purposes of calculating basic and diluted earnings per share (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	2012	2011
Weighted average common shares outstanding used in computing basic earnings per share	65,264	64,668	65,038	64,481
Dilutive common stock options and restricted stock awards	517	473	639	460
Weighted average common shares outstanding for purposes of computing diluted earnings per share	65,781	65,141	65,677	64,941

Approximately 212,000 and 358,000 options to purchase common stock and 282,000 and 38,000 shares of restricted stock were excluded from the computation of diluted earnings per share attributable to common stockholders for the three months ended June 30, 2012 and 2011, respectively, as their effect would be anti-dilutive. In addition, approximately 256,000 and 399,000 options to purchase common stock and 0 and 340,000 shares of restricted stock were excluded from the computation of diluted earnings per share attributable to common stockholders for the nine months ended June 30, 2012 and 2011, respectively, as their effect would be anti-dilutive.

7. Comprehensive Income

The calculation of the Company s comprehensive income for the three and nine months ended June 30, 2012 and 2011 is as follows (in thousands):

	Three months ended June 30,		Nine months ended June 30,	
	2012	2011	2012	2011
Net income	$ 8,025	$ 66,921	$ 20,582	$ 117,717
Change in cumulative translation adjustment	(1,785)	2,097	(4,105)	4,770
Unrealized gain (loss) on marketable securities	(51)	67	295	(159)
Actuarial gain (loss)	2	(1)	(85)	(48)
Comprehensive income	6,191	69,084	16,687	122,280
Add: Comprehensive loss (income) attributable to noncontrolling interests	3	(6)	(10)	(24)
Comprehensive income attributable to Brooks Automation, Inc.	$ 6,194	$ 69,078	$ 16,677	$ 122,256

8. Segment Information

The Company reports financial results in four segments: Brooks Product Solutions, Brooks Global Services, Brooks Life Science Systems and Contract Manufacturing. A description of segments is included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

The Company evaluates performance and allocates resources based on revenues, operating income (loss) and returns on invested assets. Operating income (loss) for each segment includes selling, general and administrative expenses directly attributable to the segment. Intersegment revenues between Brooks Product Solutions and Contract Manufacturing were eliminated from Contract Manufacturing revenues. The profits reported on intercompany transactions are based on the transfer prices charged which approximates fair value to third parties. Other unallocated corporate expenses (primarily certain legal costs associated with the Company s past equity incentive-related practices and costs to indemnify a former executive in connection with these matters), amortization of acquired intangible assets (excluding completed technology) and restructuring are excluded from the segments operating income (loss). The Company s non-allocable overhead costs, which include various general and administrative expenses, are allocated among the segments based upon various cost drivers associated with the respective administrative function, including segment revenues, segment headcount, or an analysis of the segments that benefit from a specific administrative function. Segment assets exclude investments in joint ventures, marketable securities and cash equivalents.

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Financial information for the Company s business segments is as follows (in thousands):

	Brooks Product Solutions	Brooks Global Services	Brooks Life Science Systems	Contract Manufacturing	Total