

Edgar Filing: GSE SYSTEMS INC - Form 8-K

GSE SYSTEMS INC
Form 8-K
May 20, 2004

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

Current Report
Pursuant to Section 13 or 15 (d) of
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 17, 2004

GSE Systems, Inc.

(Exact name of registrant as specified in its charter)

Delaware	0-26494	52-1868008
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(State or other jurisdiction of incorporation)	(Commission file number)	(I.R.S. employer identification no.)
9189 Red Branch Road, Columbia, MD		21045
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(Address of principal executive offices)		(zip code)

Registrant's telephone number, including area code: (410) 772-3500

(Former name or former address, if changed since last report)

Item 5. Other Events

<http://www.gses.com>

AT THE COMPANY
John V. Moran
Chief Executive Officer

FOR IMMEDIATE RELEASE

GSE Systems Announces Profitable First Quarter

Columbia, Maryland, May 17, 2004-- GSE Systems, Inc. (GSE) (AMEX:GVP), a leading global provider of real-time simulation and training solutions to the energy, process, manufacturing and government sectors, reported net income of \$64,000 or \$0.01 per diluted share for the quarter ended March 31, 2004. This compares to a net loss of (\$518,000) or (\$0.10) per diluted share in the comparable quarter in 2003. Income from continuing operations was \$64,000 for the three months ended March 31, 2004 versus a loss of (\$250,000) for the same period in 2003. The 2003 results include a (\$0.05) per diluted share loss from discontinued operations. Revenue for the first three months of 2004 was \$7.56 million, a 52 % increase compared to \$4.98 million in the first quarter of 2003.

The Company continued to operate throughout the quarter without bank debt. As previously announced, the Company also received significant contract awards in

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the first quarter of 2004 in the nuclear power, fossil power, petrochemical and government sectors.

John V. Moran, GSE's Chief Executive Officer said "We are pleased with the Company's return to profitability which is one of our primary goals for the year. However, equally encouraging is that we continue to be debt free, while at the same time we are growing our pipeline of business opportunities. The pipeline is more diverse than in the past indicating that our business development programs in the fossil power, process and government sectors are taking hold."

The Company has scheduled an investor conference call for 2:00 P.M. EDT on Wednesday, May 19th. The dial-in number for the live conference call will be #800-895-1715 and the Conference ID is GSE. A telephone replay of the call will be available 1 hour after the conclusion of the conference call on May 19th until May 21st at 11:59 PM (EDT). To listen to the replay, dial #888-276-5318. A question and answer session will be held at the conclusion of the presentation. Participants can email questions at any time during the presentation to gsecall@gses.com.

* * *

GSE Systems, Inc. provides real-time simulation and training solutions. The Company has over three decades of experience, over 250 applications, and 100 customers in more than 25 countries. Our software, hardware and integrated solutions leverage proven technologies to deliver real-world business advantages to the process and power industries worldwide including specialty chemical, food and beverage, petroleum refining, pharmaceutical, and fossil and nuclear power generation. GSE Systems is headquartered in Columbia, Maryland. Our global locations include offices in Sweden, Japan and China. Information about GSE Systems is available via the Internet at <http://www.gses.com>.

This news release contains forward-looking statements that involve risks and uncertainties. We use words such as "expects", "intends" and "anticipates" to indicate forward looking statements. Our actual future results may differ materially due to a number of factors, including but not limited to, delays in introduction of products or enhancements, size and timing of individual orders, rapid technological changes, market acceptance of new products and competition. These and other factors are more fully discussed in the Company's annual report on Form 10-K for the year ended December 31, 2003, periodic reports and registration statements filed with the Securities and Exchange Commission.

If any one or more of these expectations and assumptions proves incorrect, actual results will likely differ materially from those contemplated by the forward-looking statements. Even if all of the foregoing assumptions and expectations prove correct, actual results may still differ materially from those expressed in the forward-looking statements as a result of factors we may not anticipate or that may be beyond our control. While we cannot assess the future impact that any of these differences could have on our business, financial condition, results of operations and cash flows or the market price of shares of our common stock, the differences could be significant. We do not undertake to update any forward-looking statements made by us.

GSE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

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(unaudited)

	Three months ended March 31, 2004	
	2004	2003
Contract revenue	\$ 7,561	\$ 4,97
Cost of revenue	5,784	3,79
Gross profit	1,777	1,18
Operating expenses	1,553	1,33
Operating income (loss)	224	(15
Other expense, net	(143)	(5
Income (loss) from continuing operations before income taxes	81	(21
Provision for income taxes	17	3
Income (loss) from continuing operations	64	(25
Loss from discontinued operations	-	(26
Net income (loss)	\$ 64	\$ (51
Basic earnings (loss) per common share:		
Continuing operations	\$ 0.01	\$ (0.0
Discontinued operations	-	(0.0
	\$ 0.01	\$ (0.1
Weighted average shares outstanding - Basic	8,949,706	5,880,80
Diluted earnings (loss) per common share		
Continuing operations	\$ 0.01	\$ (0.0
Discontinued operations	-	(0.0
	\$ 0.01	\$ (0.1
Weighted average shares outstanding - Diluted	9,017,105	5,880,80

Selected balance sheet data

	(unaudited)	
	March 31, 2004	December 31, 2003
Cash and cash equivalents	\$ 1,062	\$ 1,388
Current assets	12,328	12,953
Total assets	15,751	16,536

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Current liabilities	\$ 9,590	\$ 10,416
Long-term liabilities	459	441
Stockholders' equity	5,702	5,679