

FEDERAL SIGNAL CORP /DE/
Form 10-Q
November 03, 2010

**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 quarterly period ended September 30, 2010

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: 1-6003

Federal Signal Corporation

(Exact name of Company as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-1063330
(I.R.S. Employer
Identification No.)

1415 West 22nd Street
Oak Brook, IL 60523

(Address of principal executive offices) (Zip code)

(630) 954-2000

(Company's telephone number including area code)

Not applicable

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

Indicate by check mark whether the Company (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 Company 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 Company 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 (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Company 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 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

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the Company's classes of common stock, as of the latest practicable date.

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Title

Common Stock, \$1.00 par value

62,215,297 shares outstanding at October 13, 2010

**FEDERAL SIGNAL CORPORATION
INDEX TO FORM 10-Q**

	Page
Part I. Financial Information	3
Item 1. Condensed Consolidated Financial Statements (unaudited)	3
Condensed Consolidated Statements of Operations for the Three and Nine Months Ended September 30, 2010 and 2009	4
Condensed Consolidated Balance Sheets as of September 30, 2010 and December 31, 2009	5
Condensed Consolidated Statement of Shareholders' Equity for the Nine Months Ended September 30, 2010	6
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2010 and 2009	7
Notes to Condensed Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	24
Item 3. Quantitative and Qualitative Disclosures About Market Risk	32
Item 4. Controls and Procedures	32
Part II. Other Information	32
Item 1. Legal Proceedings	32
Item 1A. Risk Factors	32
Item 5. Other Information	32
Item 6. Exhibits	32
Signatures	33

Part I. Financial Information

Item 1. Financial Statements

FORWARD-LOOKING STATEMENTS

This Form 10-Q, reports filed by Federal Signal Corporation and its subsidiaries (the Company) with the Securities and Exchange Commission (SEC) and comments made by management may contain words such as may, will, believe, expect, anticipate, intend, plan, project, estimate and objective or the negative thereof or similar expressions concerning the Company s future financial performance, business strategy, plans, goals and objectives. These expressions are intended to identify forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include information concerning the Company s possible or assumed future performance or results of operations and are not guarantees. While these statements are based on assumptions and judgments that management has made in light of industry experience as well as perceptions of historical trends, current conditions, expected future developments and other factors believed to be appropriate under the circumstances, they are subject to risks, uncertainties and other factors that may cause the Company s actual results, performance or achievements to be materially different.

These risks and uncertainties, some of which are beyond the Company s control, include the cyclical nature of the Company s industrial, municipal, government and commercial markets; availability of credit and third-party financing for customers; the Company s ability to achieve expected savings from integration, synergy and other cost-control initiatives; volatility in securities trading markets; economic downturns; risks associated with suppliers, dealers and other partner alliances; changes in cost competitiveness including those resulting from foreign currency movements; technological advances by competitors; increased competition and pricing pressures in the markets served by the Company; the ability of the Company to expand into new geographic markets and to anticipate and meet customer demands for new products and product enhancements; increased warranty and product liability expenses; compliance with environmental and safety regulations; restrictive debt covenants; disruptions in the supply of parts or components from sole source suppliers and subcontractors; domestic and foreign governmental policy change; unforeseen developments in contingencies such as litigation; protection and validity of patent and other intellectual property rights; retention of key employees; and general changes in the competitive environment. These risks and uncertainties include, but are not limited to, the risk factors described under Risk Factors in the Company s Annual Report on Form 10-K, Form 10-Qs and other filings with the SEC. These factors may not constitute all factors that could cause actual results to differ materially from those discussed in any forward-looking statement. The Company operates in a continually changing business environment and new factors emerge from time to time. The Company cannot predict such factors nor can it assess the impact, if any, of such factors on its financial position or results of operations. Accordingly, forward-looking statements should not be relied upon as a predictor of actual results. The Company disclaims any responsibility to update any forward-looking statement provided in this Form 10-Q.

ADDITIONAL INFORMATION

The Company makes its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, other reports and information filed with the SEC and amendments to those reports available, free of charge, through its Internet website (<http://www.federalsignal.com>) as soon as reasonably practical after it electronically files or furnishes such materials to the SEC. All of the Company s filings may be read or copied at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, DC 20549. Information on the operation of the Public Reference Room can be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet website (<http://www.sec.gov>) that contains reports, proxy and information statements and other information regarding issuers that file electronically.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)

<i>(in millions, except per share data)</i>	Three months ended		Nine months ended	
	September 30,		September 30,	
	2010	2009	2010	2009
Net revenue	\$ 182.0	\$ 162.2	\$ 547.2	\$ 545.1
Costs and expenses				
Cost of sales	136.3	121.9	406.4	406.5
Selling, general and administrative	40.0	32.8	123.4	118.2
Acquisition and integration related costs	0.1		3.8	
Restructuring charges	0.1	0.4	4.0	0.4
Operating income	5.5	7.1	9.6	20.0
Interest expense	2.2	2.6	8.3	8.8
Other income (expense), net	0.5	0.7	(0.9)	(0.3)
Income before income taxes	3.8	5.2	0.4	10.9
Income tax (expense) benefit	(0.8)	(0.8)	1.1	(1.7)
Income from continuing operations	3.0	4.4	1.5	9.2
Loss from discontinued operations and disposal, net of income tax benefit (expense) of \$1.7, (\$0.2), \$2.9, and (\$0.8), respectively	(0.5)		(3.1)	(8.8)
Net income (loss)	\$ 2.5	\$ 4.4	\$ (1.6)	\$ 0.4
COMMON STOCK DATA:				
Basic and diluted earnings (loss) per share:				
Earnings from continuing operations	\$ 0.05	\$ 0.09	\$ 0.03	\$ 0.19
Loss from discontinued operations and disposal	(0.01)		(0.06)	(0.18)
Earnings (loss) per share	\$ 0.04	\$ 0.09	\$ (0.03)	\$ 0.01
Weighted average common shares outstanding:				
Basic	62.2	48.0	56.1	48.5
Diluted	62.3	48.0	56.2	48.5
Cash dividends per share of common stock	\$ 0.06	\$ 0.06	\$ 0.18	\$ 0.18

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

<i>(in millions, except per share data)</i>	September 30, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 16.0	\$ 21.1
Accounts receivable, net of allowances for doubtful accounts of \$2.3 and \$2.5, respectively	115.5	119.8
Inventories, net	124.0	111.5
Other current assets	25.6	26.0
 Total current assets	 281.1	 278.4
Properties and equipment, net	65.8	65.5
Other assets		
Goodwill	380.3	319.6
Intangible assets, net of accumulated amortization	97.6	50.5
Deferred tax assets	16.6	17.5
Deferred charges and other assets	3.7	1.7
 Total assets of continuing operations	 845.1	 733.2
Assets of discontinued operations	10.2	12.2
 Total assets	 \$ 855.3	 \$ 745.4
 LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Short-term borrowings	\$ 1.4	\$ 41.9
Current portion of long-term borrowings and capital lease obligations	9.8	45.2
Accounts payable	53.4	10.4
Customer deposits	12.1	
Accrued liabilities		
Compensation and withholding taxes	20.8	20.8
Other	50.1	48.4
 Total current liabilities	 147.6	 166.7
Long-term borrowings and capital lease obligations, less current portion	218.1	159.7
Long-term pension liabilities	38.2	39.6
Deferred gain	22.8	24.2
Other long-term liabilities	11.8	12.2
 Total liabilities of continuing operations	 438.5	 402.4
Liabilities of discontinued operations	13.6	14.3
 Total liabilities	 452.1	 416.7

Shareholders' equity		
Common stock, \$1 par value per share, 90.0 million shares authorized, 63.1 million and 49.6 million shares issued, respectively	63.1	49.6
Capital in excess of par value	165.2	93.8
Retained earnings	228.4	240.4
Treasury stock, 0.9 million and 0.8 million shares at cost, respectively	(15.8)	(15.8)
Accumulated other comprehensive loss	(37.7)	(39.3)
Total shareholders' equity	403.2	328.7
Total liabilities and shareholders' equity	\$ 855.3	\$ 745.4

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY (unaudited)

<i>(\$ in millions)</i>	Common Stock Par Value	Capital in Excess of Par Value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Loss	Total
Balance at December 31, 2009	\$ 49.6	\$ 93.8	\$ 240.4	\$ (15.8)	\$ (39.3)	\$ 328.7
Net loss			(1.6)			(1.6)
Foreign currency translation					(1.2)	(1.2)
Unrealized gains on derivatives, net of tax expense of \$0.3					0.5	0.5
Change in unrecognized gains related to pension benefit plans, net of tax expense of \$1.2					2.3	2.3
Shares issued for acquisition	1.2	9.0				10.2
Equity offering, net of fees	12.1	59.1				71.2
Cash dividends declared			(10.4)			(10.4)
Share based payments: Non-vested stock and options		2.9				2.9
Stock awards	0.2	0.4				0.6
Balance at September 30, 2010	\$ 63.1	\$ 165.2	\$ 228.4	\$ (15.8)	\$ (37.7)	\$ 403.2

See notes to condensed consolidated financial statements.

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)

(\$ in millions)	Nine months ended September	
	2010	30, 2009
Operating activities:		
Net (loss) income	\$ (1.6)	\$ 0.4
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Loss on discontinued operations and disposal	3.1	8.8
Depreciation and amortization	14.8	11.3
Stock-based compensation expense	2.9	3.3
Pension contributions	(0.8)	(0.5)
Changes in other assets and liabilities, exclusive of the effects of businesses acquired and disposed:	(5.3)	16.2
Net cash provided by continuing operating activities	13.1	39.5
Net cash (used for) provided by discontinued operating activities	(0.5)	0.5
Net cash provided by operating activities	12.6	40.0
Investing activities:		
Purchases of properties and equipment	(10.4)	(11.8)
Proceeds from sales of properties, plant and equipment	1.8	1.2
Payments for acquisitions, net of cash acquired	(97.3)	
Other, net		10.0
Net cash used for continuing investing activities	(105.9)	(0.6)
Net cash provided by discontinued investing activities	0.2	14.1
Net cash (used for) provided by investing activities	(105.7)	13.5
Financing activities:		
Increase in debt outstanding under revolving credit facilities	82.5	33.8
Proceeds on short-term borrowings	18.2	3.2
Payments on short-term borrowings	(17.2)	
Payments on long-term borrowings	(56.7)	(78.1)
Cash dividends paid to shareholders	(10.4)	(8.7)
Proceeds from equity offering, net of fees	71.2	
Other, net	1.1	0.2
Net cash provided by (used for) continuing financing activities	88.7	(49.6)
Net cash used for discontinued financing activities	(0.7)	(7.1)
Net cash provided by (used for) financing activities	88.0	(56.7)
Effects of foreign exchange rate changes on cash and cash equivalents		0.9
Decrease in cash and cash equivalents	(5.1)	(2.3)
Cash and cash equivalents at beginning of period	21.1	23.4

Cash and cash equivalents at end of period	\$	16.0	\$	21.1
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See notes to condensed consolidated financial statements.

7

FEDERAL SIGNAL CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of the Business

Federal Signal Corporation was founded in 1901 and was reincorporated as a Delaware corporation in 1969. References herein to the Company, we, our, or us refer collectively to Federal Signal Corporation and its subsidiaries.

Basis of Presentation and Consolidation

The accompanying unaudited condensed consolidated financial statements represent the consolidation of Federal Signal Corporation and subsidiaries included herein and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to ensure the information presented is not misleading. These condensed consolidated financial statements have been prepared in accordance with the Company's accounting policies described in the Annual Report on Form 10-K for the year ended December 31, 2009 and should be read in conjunction with the consolidated financial statements and the notes thereto.

These statements include all adjustments (consisting of normal recurring accruals) that we considered necessary to present a fair statement of our results of operations, financial position and cash flows. The results reported in these condensed consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. We recommend that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in our 2009 Form 10-K. We label our quarterly information using a calendar convention, that is, first quarter is labeled as ending on March 31, second quarter as ending on June 30, and third quarter as ending on September 30. It is our longstanding practice to establish interim quarterly closing dates using a 5-4-4 calendar with the fiscal year ending on December 31. The effects of this practice are modest and only exist within a reporting year.

Effective June 6, 2010, the Company reorganized its segments to better align the Company's intelligent transportation and public safety businesses for future growth. As a result of this reorganization, the Company created a new operating segment called Federal Signal Technologies (FSTech) that includes vehicle classification software, automated license plate recognition (ALPR) and parking systems businesses from our Safety and Security Systems operating segment and the newly acquired businesses, Sirit Inc. and subsidiaries (Sirit) and VESystems, LLC and subsidiaries (VESystems). The Safety and Security Systems operating segment retained the businesses that offer systems for campus and community alerting, emergency vehicles, first responder interoperable communications, industrial communications and command and municipal security.

As a result of this reorganization, our four operating segments as of June 6, 2010 are as follows:

Federal Signal Technologies Our Federal Signal Technologies Group is a provider of technologies and solutions to the intelligent transportation systems and public safety markets and other applications. These products and solutions provide end users with the tools needed to automate data collection and analysis, transaction processing and asset tracking. FSTech provides technology platforms and services to customers in the areas of radio frequency identification systems, transaction processing vehicle classification, electronic toll collection, automated license plate recognition, electronic vehicle registration, parking and access control, cashless payment solutions, congestion charging, traffic management, site security solutions and supply chain systems. Products are sold under PIPS™, Idris®, Sirit™ and VESystems™ brand names. The group operates manufacturing facilities in North America and Europe.

Safety and Security Systems Our Safety and Security Systems Group is a leading manufacturer and supplier of comprehensive systems and products that law enforcement, fire rescue, emergency medical services, campuses, military facilities and industrial sites use to protect people and property. Offerings include systems for campus and community alerting, emergency vehicles, first responder interoperable communications, industrial communications and command and municipal networked security. Specific products include lightbars and sirens, public warning sirens

and public safety software. Products are sold under the Federal Signal TM, Federal Signal VAMA TM, Target Tech [®] and Victor TM brand names. The group operates manufacturing facilities in North America, Europe, China and South Africa.

Environmental Solutions Our Environmental Solutions Group is a leading manufacturer and supplier of a full range of street sweeper and vacuum trucks and high-performance waterblasting equipment for municipal and industrial customers. We also manufacture products for the newer markets of hydro-excavation, glycol recovery and surface cleaning for utility and industrial customers. Products are sold under the Elgin[®], Vactor[®], Guzzler[®] and Jetstream[™] brand names. The group primarily manufactures its vehicles and equipment in the United States.

Fire Rescue Our Fire Rescue Group is a leading manufacturer and supplier of sophisticated, vehicle-mounted, aerial platforms for fire fighting, rescue, electric utility and industrial uses. End customers include fire departments, industrial fire services, electric utilities, maintenance rental companies for applications such as fire fighting and rescue, transmission line maintenance, and installation and maintenance of wind turbines. The group's telescopic/articulated aerial platforms are designed in accordance with various regulatory codes and standards, such as European Norms (EN), National Fire Protection Association (NFPA) and American National Standards Institute (ANSI). In addition to equipment sales, the group sells parts, service and training as part of a complete offering to its customer base. The group manufactures in Finland and sells globally under the Bronto Skylift[®] brand name.

Reclassifications

We have reclassified certain prior-period amounts to conform to the current-period presentation. Included with reclassifications are restatements for both discontinued operations and the reorganization of certain operating segments, as described above.

Recent Accounting Pronouncements and Accounting Changes

In October 2009, the FASB issued Accounting Standard Update (ASU) No. 2009-14, *Topic 985- Certain Revenue Arrangements That Include Software Elements*, which amended the accounting standards for revenue recognition to remove tangible products containing software components and non-software components that function together to deliver the products' essential functionality from the scope of industry-specific software revenue recognition guidance. In October 2009, the FASB also issued ASU No. 2009-13, *Topic 605- Multiple-Deliverable Revenue Arrangement*, which changes the level of evidence of standalone selling price required to separate deliverables in a multiple deliverable revenue arrangement by allowing a company to make its best estimate of the selling price of deliverables when more objective evidence of selling price is not available and eliminates the use of residual method. ASU No. 2009-13 applied to multiple deliverable revenue arrangements that are not accounted for under other accounting pronouncements and retains the use of vendor-specific objective evidence of selling price (VSOE) if available and third-party evidence of selling price, when VSOE is unavailable.

ASU No. 2009-14 and ASU No. 2009-13 are effective prospectively for revenue arrangements entered into or materially modified in fiscal year beginning on or after June 15, 2010, with early adoption permitted. If adoption is elected in a period other than the beginning of a fiscal year, the amendments in these standards must be applied retrospectively to the beginning of the fiscal year. The Company is currently assessing the timing of adoption and effects that ASU No. 2009-14 and ASU No. 2009-13 will have on its consolidated results of operations and financial condition.

No other new accounting pronouncements issued or effective during the first nine months of 2010 has had or is expected to have a material impact on the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses. Significant estimates and assumptions are used for, but are not limited to, revenue recognition, pension and other postretirement benefits, allowance for doubtful accounts, income tax contingency accruals and valuation allowances, product warranty accruals, asset impairment, purchase price allocation and litigation-related accruals. Actual results could differ from our estimates.

2. ACQUISITIONS

The estimated fair values of assets acquired and liabilities assumed included below are preliminary and are based on the information that was available as of the acquisition date and prior to the filing of this Form 10-Q. The Company believes that the information provides a reasonable basis for estimating the fair values of assets acquired and liabilities assumed; however, the Company is awaiting the finalization of certain third-party valuations to finalize those fair values. Thus, the preliminary measurements of fair value set forth below are subject to change. The Company expects to finalize the valuation and complete the purchase price allocations as soon as practicable, but no later than one year from the respective acquisition dates.

Sirit Inc. and Subsidiaries

On March 5, 2010, the Company acquired all of the issued and outstanding common shares of Sirit for total cash consideration of CDN \$77.1 million (USD \$74.9 million). Sirit designs, develops and manufactures radio frequency identification device technology for applications such as tolling, electronic vehicle registration, parking and access control, cashless payments, supply chain management and asset tracking solutions. The acquisition of Sirit supports the Company's long-term strategy by creating growth opportunities and revenue synergies. The results of Sirit are included within the FSTech operating segment.

The following table summarizes the fair values of the assets acquired and liabilities assumed from the acquisition of Sirit. Since the acquisition and the initial preliminary purchase price allocation included in the Company's Form 10-Q for the first quarter ended March 31, 2010, net adjustments of \$0.6 million were made to the fair values of the assets acquired and liabilities assumed with a corresponding adjustment to goodwill. These adjustments are summarized in the table presented below.

<i>(\$ in millions)</i>	Initial Valuation	2010 Adjustments to Fair Value	September 30, 2010
Purchase Price	\$ 74.9	\$	\$ 74.9
Fair Value of Assets Acquired:			
Current assets	7.0		7.0
Fixed assets	1.6		1.6
Intangible assets	37.1		37.1
Other assets	0.4		0.4
Total Assets Acquired	46.1		46.1
Fair Value of Liabilities Assumed:			
Current liabilities	12.6	0.2	12.8
Deferred revenue	0.6		0.6
Deferred tax liabilities, net	2.4	0.4	2.8
Total Liabilities Assumed	15.6	0.6	16.2
Goodwill (1)	44.4	0.6	45.0

(1) The goodwill of \$45.0 million is non-deductible for tax purposes.

VESystems, LLC and Subsidiaries

On March 2, 2010, the Company acquired all of the equity interests in VESystems for an aggregate purchase price of \$34.8 million. The consideration transferred consisted of cash in the amount of approximately \$24.6 million and 1,220,311 shares of Federal Signal common stock with an acquisition date fair value of \$10.2 million. VESystems designs, develops and deploys advanced software applications and customer management systems and services for the electronic toll collection and port industries. The acquisition of VESystems supports the Company's long-term strategy by creating growth opportunities and revenue synergies. The results of VESystems are included within the FSTech operating segment.

The following table summarizes the fair values of the assets acquired and liabilities assumed from the acquisition of VESystems. Since the acquisition and the initial preliminary purchase price allocation included in the Company's Form 10-Q for the first quarter ended March 31, 2010, net adjustments of \$0.3 million were made to the fair values of the assets acquired and liabilities assumed with a corresponding adjustment to goodwill. These adjustments are summarized in the table presented below.

<i>(\$ in millions)</i>	Initial Valuation	2010 Adjustments to Fair Value	September 30, 2010
Purchase Price	\$ 34.8	\$	\$ 34.8
Fair Value of Assets Acquired:			
Current assets	2.2		2.2
Fixed assets	0.1		0.1
Intangible assets	16.1		16.1
Other assets	0.5		0.5
Total Assets Acquired	18.9		18.9
Fair Value of Liabilities Assumed:			
Current liabilities	1.9	0.2	2.1
Deferred revenue		0.1	0.1
Total Liabilities Assumed	1.9	0.3	2.2
Goodwill (2)	17.8	0.3	18.1

(2) The goodwill of \$18.1 million is deductible for tax purposes over 15 years, starting in 2010.

Diamond Consulting Services Ltd.

On December 9, 2009, the Company acquired all equity interests of Diamond Consulting Services Ltd. (Diamond) for total consideration of \$13.9 million. In addition to the consideration paid, the Company may be required to pay up to \$3.2 million of retention payments in future years. Diamond specializes in vehicle classification systems for tolling and other Intelligent Transportation Systems. The acquisition supports the Company's long-term strategy by creating growth opportunities and revenue synergies. The results of Diamond are included in the FSTech operating segment. The following table summarizes the fair values of the assets acquired and liabilities assumed from the acquisition of Diamond. Since the acquisition and the initial preliminary purchase price allocation included in the Company's Form 10-K for the year ended December 31, 2009, net adjustments of (\$0.1) million were made to the fair values of the assets acquired and liabilities assumed with a corresponding adjustment to goodwill. These adjustments are summarized in the table presented below.

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