# UNITED STATES 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): August 3, 2011

# FARO TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Florida (State or other jurisdiction of incorporation) 0-23081 (Commission File Number) 59-3157093 (IRS Employer Identification No.)

250 Technology Park, Lake Mary, Florida 32746 (Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (407) 333-9911

N/A

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

□ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

□ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

D Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

D Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

#### Item 2.02. Results of Operations and Financial Condition.

On August 3, 2011, FARO Technologies, Inc. (the "Company") issued a press release announcing its results of operations for the second fiscal quarter ended July 2, 2011. A copy of the press release is furnished as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished pursuant to Item 2.02 and Exhibit 99.1 of this Current Report on Form 8-K shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section. The information in this Current Report shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date of this Current Report, regardless of any general incorporation language in the filing.

#### Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

The following exhibit is furnished with this Current Report on Form 8-K:

Exhibit	
Number	Description

99.1 Press release dated August 3, 2011.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

August 3, 2011

FARO Technologies, Inc. (Registrant)

/s/ Keith Bair By: Keith Bair

Its: Chief Financial Officer

# EXHIBIT INDEX

#### Exhibit <u>Number</u> <u>Description</u> OO 1 Description

99.1 Press release dated August 3, 2011.



FARO Technologies Inc. 250 Technology Park Lake Mary, FL 32746

Keith Bair, Senior Vice President and CFO keith.bair@FARO.com, 407-333-9911

#### FARO Reports Second Quarter 2011 Orders Growth of 42.4%, Sales Growth of 30.6% and EPS Growth of 127.3%

**LAKE MARY**, FL, August 3, 2011 – FARO Technologies, Inc. (NASDAQ: FARO) today announced results for the quarter ended July 2, 2011. Sales in the second quarter of 2011 increased 30.6%, to \$59.7 million, from \$45.7 million in the second quarter of 2010. The Company reported net income increased to \$4.2 million, or \$0.25 per share, in the second quarter of 2011, from \$1.8 million, or \$0.11 per share, in the second quarter of 2010.

New order bookings for the second quarter of 2011 were \$62.5 million, an increase of \$18.6 million, or 42.4%, compared to \$43.9 million in the second quarter of 2010.

"Market demand remains strong, demonstrated by our 42% growth in orders last quarter. The Americas grew 57%, while Asia and Europe each grew 35%," stated Jay Freeland, FARO's President and CEO. "We're seeing solid revenue growth in all product lines, and the Focus Laser Scanner continues to exceed our expectations."

Due to the sizable increase in laser scanner sales relative to the Company's historical product mix and the associated production start-up costs, gross margin for the second quarter of 2011 was 56.1%, compared to 59.3% in the second quarter of 2010. The Company expects the start-up costs to diminish in the near term.

In order to reach a broader customer base for the laser scanner, the Company has and may increasingly use distributors in addition to its own sales force. Sales through distributors generally carry lower gross margin. However, there is a partially offsetting reduction in selling expenses. As a result, the Company expects that higher laser scanner sales should generate improved operating margin and profits.

"Our results in the second quarter were extremely strong, as we delivered 127% EPS growth on a 31% increase in sales. We expect positive momentum for our core metrology products as well as the Focus Laser Scanner to continue through the rest of 2011 and into 2012," Freeland concluded.

This press release contains forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are subject to risks and uncertainties, such as statements about FARO's focus, plans and strategies, and product releases, and its future operating results and financial condition. Statements that are not historical facts or that describe the Company's plans, objectives, projections, expectations, assumptions, strategies, or goals are forward-looking statements. In addition, words such as "intend," "believe," "will," "expect" and similar expressions or discussions of our strategy or other intentions identify forward-looking statements. Forward-looking statements are not guarantees of future performance and are subject to various known and unknown risks, uncertainties, and other factors that may cause actual results, performances, or achievements to differ materially from future results, performances, or achievements expressed or implied by such forward-looking statements. Consequently, undue reliance should not be placed on these forward-looking statements.

Factors that could cause actual results to differ materially from what is expressed or forecasted in such forward-looking statements include, but are not limited to:

- development by others of new or improved products, processes or technologies that make the Company's products obsolete or less competitive;
- delays in the introduction of new products by the Company;
- production delays caused by shortages of raw materials incorporated in the Company's products;
- the cyclical nature of the industries of the Company's customers and material adverse changes in customers' access to liquidity and capital;
- declines or other adverse changes, or lack of improvement, in industries that the Company serves or the domestic and international economies in the regions of the world where the Company operates and other general economic, business, and financing conditions;
- fluctuations in the Company's annual and quarterly operating results and the inability to achieve its financial operating targets;
- risks associated with expanding international operations, such as fluctuations in currency exchange rates, difficulties in staffing and managing foreign operations, political and economic instability, compliance with import and export regulations, and the burdens and potential exposure of complying with a wide variety of U.S. and foreign laws and labor practices;
- other risks detailed in Part I, Item 1A. Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

Forward-looking statements in this release represent the Company's judgment as of the date of this release. The Company undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

#### About FARO

With over 20,000 installations and 11,000 customers globally, FARO Technologies, Inc. designs, develops, and markets portable, computerized measurement and imaging devices and software used to create digital models — or to perform evaluations against an existing model — for anything requiring highly detailed 3-D measurements, including part and assembly inspection, factory planning and asset documentation, as well as specialized applications ranging from surveying, recreating accident sites and crime scenes to digitally preserving historical sites.

FARO's technology increases productivity by dramatically reducing the amount of on-site measuring time, and the various industry-specific software packages enable users to process and present their results quickly and more effectively.

Principal products include the world's best-selling portable measurement arm — the FaroArm; the world's best-selling laser tracker — the FARO Laser Tracker X and Xi; the FARO Laser ScanArm; FARO Focus 3D Laser Scanner; the FARO Gage, Gage-PLUS and PowerGAGE; and the CAM2 Q family of advanced CAD-based measurement and reporting software. FARO Technologies is ISO-9001 certified and ISO-17025 laboratory registered.

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

		Three Months Ended				Six Months Ended			
(in thousands, except share and per share data)	July 2,	2011	Jul	y 3, 2010	Ju	ıly 2, 2011	Ju	ly 3, 2010	
SALES	<b>•</b> •	0.000	<b></b>	05.040	φ.	00.650	¢	54 450	
Product		9,692	\$	37,212	\$	92,650	\$	71,150	
Service		0,019		8,493		19,627		16,824	
Total Sales	5	59,711		45,705		112,277		87,974	
COST OF SALES									
Product	1	9,349		12,620		34,922		23,895	
Service		6,846		5,997		13,567		11,600	
Total Cost of Sales (exclusive of depreciation and amortization, shown separately below)	2	6,195		18,617		48,489		35,495	
GROSS PROFIT	3	3,516		27,088		63,788		52,479	
OPERATING EXPENSES:									
Selling	1	5,309		12,027		29,461		23,262	
General and administrative		6,917		6,028		13,507		12,275	
Depreciation and amortization		1,722		1,515		3,336		3,055	
Research and development		3,814		2,997		7,446		5,986	
Total operating expenses	2	7,762		22,567		53,750		44,578	
INCOME FROM OPERATIONS		5,754		4,521		10,038		7,901	
OTHER (INCOME) EXPENSE									
Interest income		(39)		(26)		(65)		(45)	
Other expense (income), net		124		1,839		(5)		2,344	
Interest expense		2		2		31		29	
INCOME BEFORE INCOME TAX EXPENSE		5,667		2,706		10,077		5,573	
INCOME TAX EXPENSE		1,434		869		2,601		1,672	
NET INCOME	\$	4,233	\$	1,837	\$	7,476	\$	3,901	
NET INCOME PER SHARE - BASIC	\$	0.26	\$	0.11	\$	0.46	\$	0.24	
NET INCOME PER SHARE - DILUTED	\$	0.25	\$	0.11	\$	0.45	\$	0.24	
Weighted average shares - Basic	16,44	8,229	16	,148,233	10	6,349,190	16	6,136,447	
Weighted average shares - Diluted	16,84	5,877	16	,320,596	10	6,724,019	16	5,289,963	

# FARO TECHNOLOGIES, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS

minute   2011   member 31, 2004     ASSETS   2004     Cash and real-equivalents   \$ 50,722     Short-term investments   64,932   64,986     Accounts receivable, net   46,051   51,062     Investments   64,492   62,824     Deferred income taxes, net   44,742   82,824     Deferred income taxes, net   44,742   82,824     Propeid expenses and other current assets   200,312   200,312     Propeid vand equipment:   200,312   200,312   200,312     Propeid vand equipment:   201,116   2008,312   200,312<		July 2,	
ASSETS		2011	
Carrent Assets:   5   5   50.722     Short-term investments   64,992   64,966     Accounts receivable, net   44,951   51,660     Inventiones, net   44,774   28,242     Deferred income taxes, net   44,774   26,322     Propery ade expuisses and other current assets   10,621   8,045     Total current assets   220,116   200,312     Propery ade equipment:   200,312   9,662     Machinery and equipment assets   10,412   9,662     Propery ad equipment at cost   10,412   9,662     Propery and equipment, net   16,304   (24,982)     Propery and equipment, net   2,680   2,252     Goodwill   20,044   19,015   15,240     Goodwill   2,0502   2,266,019   2,260   2,252     Total Assets   2,266,019   11,255   13,276 <td></td> <td>(unaudited)</td> <td>2010</td>		(unaudited)	2010
Cash and cash equivalents   \$ 57,339   \$ 50,729     Short-term investments   64,992   64,992     Accounts receivable, net   46,951   51,862     Inventories, net   44,742   28,242     Deferred income taxes, net   44,71   4,455     Propeid expenses and other current assets   209,116   200,312     Property and Equipment:   22,713   24,840     Funiture and fixtures   6,213   5,700     Lassehold improvements   10,412   9,682     Property and equipment at cost   44,333   40,222     Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   16,304   15,240     Goodwill   20,644   19,015   13,726     Intangibe assets, net   2,680   2,522   7004     Service invertory   14,255   13,376   13,376     Deferred income taxes, net   2,680   2,522   720     Total Assets   5   10,59   5   12,025     Accounts payable   \$ 11,05			
Short-erm investments   64,992   64,992     Accounts receivable, net   44,712   258,242     Deferred income taxes, net   44,712   268,242     Deferred income taxes, net   10,621   8,045     Total current assets   10,621   8,045     Propied expenses and other current assets   10,621   8,045     Propied expenses and other current assets   10,612   8,045     Propied expenses and other current assets   10,412   9,062     Propied expenses and other current assets   10,412   9,062     Property and equipment   16,304   62,133   67,000     Lesses/bold improvements   10,412   9,065   1,050   9,1,250		\$ 57 339	\$ 50 722
Accounts receivable, net   44,951   51,862     Inventories, net   44,742   28,242     Deferred income taxes, net   44,71   4,455     Propety and Equipment:   209,312   80,435     Total current assets   229,116   209,312     Propety and Equipment:   7,713   44,800     Furniture and fixtures   62,13   5,700     Leasehold improvements   10,412   9,682     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   15,304   19,015     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,680   2,522     Total Assets   \$2,896,32   \$2,66,019     LIABILITIES AND SHAREHOLDERS' EQUITY   11,250   11,520     Current Liabilities:   41,333   13,357     Current protion of obligations under capital leases   47   13,337     Current protion of obligations u			
Inventories, net   44,74   28,242     Deferred income taxes, net   44,71   4,455     Property and Equipment:   229,116   208,312     Machinery and equipment   27,713   24,840     Furniture and fixtures   6,213   5,700     Leasehold improvements   10,412   9,682     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and anortization   (24,2034)   (24,2032)     Property and equipment, net   16,304   15,240     Goodwill   20,044   19,015     Inangible assets, net   2,2600   2,2600     Service inventory   14,255   13,726     Deferred Income taxes, net   2,2600   2,520     Accroact bayable   \$ 11,059   \$ 22,050     Accroact bayable   \$ 11,159   \$ 12,025     Accroact bayable   \$ 11,337   1,337     Current Labilities   44,438   45,948     Current labilities   44,435   1,337     Current labilities   5,447   91			
Defered income taxes, net   4,471   4,455     Prepaid expenses and other current assets   209,116   208,312     Property and Equipment:   77,713   248,400     Machinery and equipment   6,213   5,700     Lessehold improvements   10,412   9,682     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   7,233   7,204     Goodwill   20,044   19,015   11,725     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,2660   2,252     Total Assets   2289,632   \$ 266,019     LIABLITTIES AND SHAREHOLDERS' EQUITY   2   2     Current Liabilities:   3,276   \$ 11,059   \$ 12,025     Accume taxe, net   2,017   1,5208   1,029   \$ 12,025     Accume taxe, payable   2,0617   3,679   2,017   3,679     Current portion of obligati	,		
Prepaid expenses and oher current assets   [0.621   8.045     Total current assets   229.116   208.312     Property and Equipment   27.713   24.840     Furniture and fixtures   6.213   5.700     Leasehold improvements   10.412   9.682     Property and equipment at cost   44.338   40.222     Less: accumulated depreciation and amortization   (28.034)   (24.982)     Property and equipment, net   16.304   15.240     Goodwill   20.004   19.015     Intangible assets, net   7.233   7.204     Service inventory   14.255   13.726     Deferred income taxes, net   2.660   2.522     Lotal Assets   2.289.622   2 266.019     LABLITTES AND SHAREHOLDERS' EQUTY   2017   3.679     Current Liabilities   11.059   \$ 12.025     Accrued liabilities   14.924   13.357     Current portion of uneamed service revenues   14.924   13.357     Current portion of uneamed service revenues   44.91   3.679     Current portion of u			
Total current assets   229,116   208,312     Property and Equipment:   7,713   24,840     Machinery and equipment:   6,213   5,700     Leasehold improvements   10,412   9,682     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   16,304   15,240     Goodwill   20,044   19,015     Intangible assets, net   7,233   7,204     Service invontory   14,255   13,726     Deferred income taxes, net   2,2600   2,522     Total Assets   5289,632   \$ 266,019     LIABULTITES AND SHAREHOLDERS' EQUITY   2   2004   13,357     Current Liabilities:   7   7,13   24,440     Income taxes payable   2,661   1,138   12,025     Accrued liabilities   11,059   \$ 12,025   1,161     Income taxe payable   2,661   1,318   2,017   3,679     Curerent Liabilities   2,017			
Property and Equipment:   27,713   24,840     Machinery and equipment   27,713   24,840     Furnitures   6,213   5,700     Leasehold improvements   10,412   9,682     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   16,304   15,240     Goodvill   20,044   19,015     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,660   2,522     Total Assets   \$289,632   \$ 260,019     LIABILITIES AND SHAREHOLDERS' EQUITY   2   2     Current Liabilities:   7,174   15,208     Accound liabilities   10,179   \$ 1,059   \$ 1,059   \$ 1,025     Accound liabilities   10,171   15,208   10,017   13,367     Current Liabilities   17,174   15,208   10,014   13,357     Curerent Liabilities   44,447 <t< td=""><td></td><td></td><td></td></t<>			
Machinery and equipment   27,713   24,840     Furniture and fixtures   6,213   5,700     Descehold improvements   10,412   9,682     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amoritzation   (28,034)   (24,982)     Property and equipment, net   16,034   15,240     Goodwill   20,044   19,015     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,6600   2,522     Total Assets   \$289,632   \$ 266,019     LIABILITIES AND SHAREHOLDERS' EQUITY   Uurrent Liabilities:   -     Accounts payable   \$11,059   \$ 12,025     Accounts payable   \$11,059   \$ 12,025     Current uportion of unearned service revenues   14,424   13,357     Current uportion of obligations under capital leases   47   91     Total current liabilities   45,447   45,448     Unearned service revenues - less current portion   8,254   6,758			
Funditure and fixtures   6,213   5,700     Leasehold improvements   10,412   9,662     Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amortization   (24,982)   (24,982)     Property and equipment, net   16,304   (24,982)     Goodwill   10,412   52,200     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,660   2,522     Total Assets   5289,632   \$ 266,019     LIABILITES AND SHAREHOLDERS' EQUITY   Total Assets   17,174   15,208     Income taxes payable   \$ 11,059   \$ 12,025   Accounts payable   266   1,333     Current Liabilities   17,174   15,208   1,717   13,579     Current portion of uneamed service revenues   2,417   3,679   2,017   3,679     Current portion of obligations under capital leases   47   91   Total current liabilities   45,447   45,448     Unearamed service revenues - less current portion		27 713	24 840
Lesshold improvements   10.412   9,682     Property and equipment at cost   44,333   40,222     Less: accumulated depreciation and amortization   (24,082)   15,240     Goodwill   20,044   19,015     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,680   2,522     Total Assets   \$289,632   \$ 266,019     LIABILITIES AND SHAREHOLDERS' EQUITY   Current Liabilities   \$11,059   \$ 12,025     Accurul payable   \$11,059   \$ 12,025   \$ 266,019     Lorent Liabilities   17,174   15,208   \$ 11,059   \$ 12,025     Accurul payable   \$266   1,338   \$ 11,059   \$ 12,025     Accurue portion of outeamed service revenues   14,924   13,357     Current portion of outeamed service revenues   2,017   3,679     Current portion of obligations under capital leases   42,467   45,488     Uneamed service revenues - less current portion   1,50   1,255     Total current liabilities <td< td=""><td></td><td></td><td></td></td<>			
Property and equipment at cost   44,338   40,222     Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   16,004   15,240     Goodwill   20,044   19,015     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,680   2,522     Total Assets   5289,623   \$ 260,019     LIABILITIES AND SHAREHOLDERS' EQUITY   T   T     Current Liabilities:   \$ 11,059   \$ 11,059   \$ 12,025     Accound liabilities   17,174   15,208   Income taxes payable   2,666   1,138     Current portion of unearned service revenues   2,017   3,679   Quirrent portion of obligations under capital leases   47   91     Total current liabilities   45,487   45,488   46,7488     Uneamed service revenues   2,017   3,679   Quirrent Liabilities   55,633   55,542     Coursent deposits   2,021   3,679   Quirrent portion of obligations under capital leases <td< td=""><td></td><td></td><td></td></td<>			
Less: accumulated depreciation and amortization   (28,034)   (24,982)     Property and equipment, net   16,304   15,240     Goodwill   20,044   19,015     Intangible assets, net   20,024   19,015     Deferred income taxes, net   2,680   2,522     Total Assets   5280,632   \$ 266,019     LIABILITIES AND SHAREHOLDERS' EQUITY   V   V     Current Liabilities:   7,213   7,204     Accounts payable   \$ 11,059   \$ 12,025     Accrued liabilities   17,174   15,208     Current portion of uneamed service revenues   2,017   3,679     Current portion of obligations under capital leases   47   91     Total current liabilities   45,487   45,488     Uneamed service revenues - less current portion   8,524   6,758     Deferred tax liability, et   1,192   1,161     Obligations under capital leases - less current portion   35,522   20,333     Customer deposits   5,508   53,542     Common stock - par value \$,001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 1	-		
Property and equipment, net   16.304   15.240     Goodwill   20.044   19.015     Intangible assets, net   7.233   7.204     Service inventory   14.255   13.726     Deferred income taxes, net   2.660   2.522     Total Assets   \$ 289,632   \$ 266,019     LIABILITIES AND SHAREHOLDERS' EQUITY   ************************************			
Coodwill   20.044   19.015     Intangible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,680   2,522     Total Assets   \$289,632   \$ 266,019     LIABILITIES AND SHAREHOLDERS' EQUITY   Current Liabilities:   7     Accounts payable   \$ 11,059   \$ 12,025     Account asset asymptotic taxes payable   266   1,138     Current Liabilities:   7   266   1,337     Customer deposits   2,017   3,579     Current portion of uneared service revenues   2,017   3,679     Current portion of obligations under capital leases   47   91     Total current liabilities   45,487   45,488     Uneared service revenues - less current portion   150   125     Total Liabilities   55,083   53,542     Commitments and contingencies - See Note R   55,083   53,542     Shareholders' Equity:   17   17     Additional paid-in capital   165,564   156,310     Retained			
Intagible assets, net   7,233   7,204     Service inventory   14,255   13,726     Deferred income taxes, net   2,680   2,522     Total Assets   \$289,632   \$ 266,019     LIABILITIES AND SHAREHOLDERS' EQUITY   Current Liabilities:   8     Accounts payable   \$ 11,059   \$ 12,025     Accounts payable   266   1,138     Current Liabilities   17,174   15,208     Income taxes payable   266   1,338     Current portion of unearned service revenues   2,017   3,679     Current portion of obligations under capital leases   47   91     Total current liabilities   45,487   45,498     Unearned service revenues - less current portion   150   125     Total Liabilities   55,083   53,542     Commitments and contingencies - See Note R   55,083   53,542     Commitments and contingencies - See Note R   17   17     Shareholders' Equity:   17   17     Additional paid-in capital   165,554   156,310     Retained earnings<	Property and equipment, net	16,304	15,240
Service inventory   14,255   13,726     Deferred income taxes, net   2,680   2,522     Total Assets   \$289,632   \$ \$ 266,019     LIABLITTES AND SHAREHOLDERS' EQUITY       Current Liabilities:    11,059   \$ 12,025     Accounts payable   \$ 11,059   \$ 12,025     Accounts payable   266   1,138     Current Liabilities   17,174   15,208     Income taxes payable   266   1,138     Current portion of unearned service revenues   14,924   13,357     Customer deposits   2,017   3,679     Current portion of obligations under capital leases   47   91     Total Current liabilities   45,487   45,498     Unearned service revenues - less current portion   8,254   6,758     Deferred tax liability, net   1,192   1,161     Obligations under capital leases - less current portion   150   125     Total Liabilities   55,083   53,542   50,833     Commitments and contingencies - See Note R    17   17	Goodwill	20,044	19,015
Deferred income taxes, net   2,680   2,522     Total Assets   \$289,632   \$26,019     LIABILITIES AND SHAREHOLDERS' EQUITY   T   T     Current Liabilities   11,059   \$12,025     Accounts payable   511,059   \$12,025     Accounts payable   17,174   15,208     Income taxes payable   266   1,138     Current portion of unearned service revenues   144,924   13,357     Customer deposits   2,017   3,679     Current portion of obligations under capital leases   47   91     Total current liabilities   45,487   45,488     Unearned service revenues - less current portion   8,254   6,758     Deferred tax liability, net   1,192   1,161     Obligations under capital leases - less current portion   150   125     Total Liabilities   55,083   53,542     Commitments and contingencies - See Note R   55,083   53,542     Commitments and contingencies - See Note R   17   17     Additional paid-in capital   165,564   156,310	Intangible assets, net	7,233	7,204
Total Assets   S289,632   \$ 269,032   \$ 269,032   \$ 269,032   \$ 269,032   \$ 269,032   \$ 269,032   \$ 269,032   \$ 260,019     LIABILITIES AND SHAREHOLDERS' EQUITY   Current Liabilities:	Service inventory	14,255	13,726
LABILITIES AND SHAREHOLDERS' EQUITY   Image: Constraint of the second state second state of the second state of the second state	Deferred income taxes, net	2,680	2,522
LIABILITIES AND SHAREHOLDERS' EQUITY	Total Assets	\$289,632	\$ 266,019
Current Liabilities:   \$ 11,059   \$ 12,025     Accounts payable   \$ 11,059   \$ 12,025     Accrued liabilities   17,174   15,208     Income taxes payable   266   1,138     Current portion of unearned service revenues   14,924   13,357     Customer deposits   2,017   3,679     Current portion of obligations under capital leases   2,017   3,679     Current portion of obligations under capital leases   47   91     Total current liabilities   45,487   45,498     Unearned service revenues - less current portion   8,254   6,758     Deferred tax liability, net   1,192   1,161     Obligations under capital leases - less current portion   150   125     Total Liabilities   55,083   53,542   53,542     Commitments and contingencies - See Note R   17   17     Shareholders' Equity:   17   17     Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and   16,214,139 outstanding, respectively   17   17     Additional paid-in capital	LIABILITIES AND SHAREHOLDERS' FOUITY		<u> </u>
Accounts payable \$ 11,059 \$ 12,025   Accound liabilities 17,174 15,208   Income taxes payable 266 1,138   Current portion of unearned service revenues 14,924 13,357   Customer deposits 2,017 3,679   Current portion of obligations under capital leases 47 91   Total current liabilities 45,487 45,498   Unearned service revenues - less current portion 8,254 6,758   Deferred tax liability, net 1,192 1,192 1,161   Obligations under capital leases - less current portion 150 125   Total Liabilities 55,083 53,542   Commitments and contingencies - See Note R 150 150   Shareholders' Equity: 17 17 17   Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and 16,214,139 outstanding, respectively 17 17   Additional paid-in capital 165,564 156,310 156,310 156,310   Retained earnings 65,459 57,983 37,924 57,983   Accumulated other comprehensive income 1	-		
Accrued liabilities 17,174 15,208   Income taxes payable 266 1,138   Current portion of unearned service revenues 14,924 13,357   Customer deposits 2,017 3,679   Current portion of obligations under capital leases 47 91   Total current liabilities 45,487 45,498   Unearned service revenues - less current portion 8,254 6,758   Deferred tax liability, net 1,192 1,161   Obligations under capital leases - less current portion 150 125   Total Liabilities 55,083 53,542   Commitments and contingencies - See Note R 11 17   Shareholders' Equity: 16,214,139 outstanding, respectively 17 17   Additional paid-in capital 165,564 156,313 165,564 156,310   Retained earnings 65,459 57,983 37,983 37,983   Accumulated other comprehensive income 12,584 7,242 7,242   Common stock in treasury, at cost - 680,235 shares (9,075) (9,075) (9,075)		\$ 11.059	\$ 12.025
Income taxes payable2661,138Current portion of unearned service revenues14,92413,357Customer deposits2,0173,679Current portion of obligations under capital leases4791Total current liabilities45,48745,498Unearned service revenues - less current portion8,2546,758Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R55,08353,542Shareholders' Equity:1717Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and 16,214,139 outstanding, respectively1717Additional paid-in capital165,554156,310Retained earnings65,45957,983Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)	•		
Current portion of unearned service revenues14,92413,357Customer deposits2,0173,679Current portion of obligations under capital leases4791Total current liabilities45,48745,498Unearned service revenues - less current portion8,2546,758Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R55,08353,542Shareholders' Equity:Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and 16,214,139 outstanding, respectively1717Additional paid-in capital165,564156,310156,310Retained earnings65,45957,98357,983Accumulated other comprehensive income12,5847,2427,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)(9,075)			
Customer deposits2,0173,679Current portion of obligations under capital leases4791Total current liabilities45,48745,498Unearned service revenues - less current portion8,2546,758Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R55,08353,542Shareholders' Equity:1717Common stock - par value \$,001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and165,56416,214,139 outstanding, respectively1717Additional paid-in capital165,564156,310Retained earnings65,45957,983Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)			
Current portion of obligations under capital leases4791Total current liabilities45,48745,498Unearned service revenues - less current portion8,2546,758Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R55,08353,542Shareholders' Equity:1717Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and1717Additional paid-in capital165,564156,310156,310Retained earnings65,45957,98357,983Accumulated other comprehensive income12,5847,2427,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)(9,075)			
Total current liabilities45,48745,498Unearned service revenues - less current portion8,2546,758Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R55,08353,542Shareholders' Equity:16,214,139 outstanding, respectively1717Additional paid-in capital165,564156,310Retained earnings65,45957,983Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)			
Unearned service revenues - less current portion8,2546,758Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R55Shareholders' Equity: Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and 16,214,139 outstanding, respectively1717Additional paid-in capital165,564156,310165,564156,310Retained earnings65,45957,98357,983Accumulated other comprehensive income12,5847,2427,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)(9,075)			
Deferred tax liability, net1,1921,161Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R			
Obligations under capital leases - less current portion150125Total Liabilities55,08353,542Commitments and contingencies - See Note R			
Total Liabilities55,08353,542Commitments and contingencies - See Note R5Shareholders' Equity: Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and 16,214,139 outstanding, respectively17Additional paid-in capital17Additional paid-in capital65,564Retained earnings65,459Accumulated other comprehensive income12,584Common stock in treasury, at cost - 680,235 shares(9,075)			
Commitments and contingencies - See Note RShareholders' Equity:Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and16,214,139 outstanding, respectively17Additional paid-in capital165,564Retained earnings65,459Accumulated other comprehensive income12,584Common stock in treasury, at cost - 680,235 shares(9,075)			
Shareholders' Equity:Shareholders' Equity:Shareholders' Equity:Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and1716,214,139 outstanding, respectively1717Additional paid-in capital165,564156,310Retained earnings65,45957,983Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)			
Common stock - par value \$.001, 50,000,000 shares authorized; 17,256,199 and 16,894,374 issued; 16,575,964 and   17   17     16,214,139 outstanding, respectively   17   17     Additional paid-in capital   165,564   156,310     Retained earnings   65,459   57,983     Accumulated other comprehensive income   12,584   7,242     Common stock in treasury, at cost - 680,235 shares   (9,075)   (9,075)			
16,214,139 outstanding, respectively 17   Additional paid-in capital 165,564   Retained earnings 65,459   Accumulated other comprehensive income 12,584   Common stock in treasury, at cost - 680,235 shares (9,075)	1 5		
Additional paid-in capital165,564156,310Retained earnings65,45957,983Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)		17	17
Retained earnings65,45957,983Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)			
Accumulated other comprehensive income12,5847,242Common stock in treasury, at cost - 680,235 shares(9,075)(9,075)			
Common stock in treasury, at cost - 680,235 shares (9,075) (9,075)			
10(a) Shareholders Equity 254.549 212.477	Total Shareholders' Equity	234,549	212,477

\$289,632

\$ 266,019

Total Liabilities and Shareholders' Equity

## FARO TECHNOLOGIES, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

In thousands)   (ASH FLOWS FROM:   (ASH FLOWS FROM:   (PERATING ACTIVITIES:   Net income   Adjustments to reconcile net income to net cash provided by operating activities:   Depreciation and amortization   Compensation for stock options and restricted stock units   Provision for bad debts   Deferred income tax (benefit) expense   Change in operating assets and liabilities:   Decrease (increase) in:   Accounts receivable   Inventories, net   Prepaid expenses and other current assets   Income tax benefit from exercise of stock options	July 2, 2011 \$ 7,476 3,336 1,366 1,082 (16) 5,920 (14,773) (2,032) (1,013) 44	July 3, 2010 \$ 3,901 3,055 1,203 806 280 (1,388) (4,950) (1,837) (16)
PPERATING ACTIVITIES:   Net income   Adjustments to reconcile net income to net cash provided by operating activities:   Depreciation and amortization   Compensation for stock options and restricted stock units   Provision for bad debts   Deferred income tax (benefit) expense   Change in operating assets and liabilities:   Decrease (increase) in:   Accounts receivable   Inventories, net   Prepaid expenses and other current assets	3,336 1,366 1,082 (16) 5,920 (14,773) (2,032) (1,013)	3,055 1,203 806 280 (1,388) (4,950) (1,837)
Net income   Adjustments to reconcile net income to net cash provided by operating activities:   Depreciation and amortization   Compensation for stock options and restricted stock units   Provision for bad debts   Deferred income tax (benefit) expense   Change in operating assets and liabilities:   Decrease (increase) in:   Accounts receivable   Inventories, net   Prepaid expenses and other current assets	3,336 1,366 1,082 (16) 5,920 (14,773) (2,032) (1,013)	3,055 1,203 806 280 (1,388) (4,950) (1,837)
Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization Compensation for stock options and restricted stock units Provision for bad debts Deferred income tax (benefit) expense thange in operating assets and liabilities: Decrease (increase) in: Accounts receivable Inventories, net Prepaid expenses and other current assets	3,336 1,366 1,082 (16) 5,920 (14,773) (2,032) (1,013)	3,055 1,203 806 280 (1,388) (4,950) (1,837)
Depreciation and amortization   Compensation for stock options and restricted stock units   Provision for bad debts   Deferred income tax (benefit) expense   change in operating assets and liabilities:   Decrease (increase) in:   Accounts receivable   Inventories, net   Prepaid expenses and other current assets	1,366 1,082 (16) 5,920 (14,773) (2,032) (1,013)	1,203 806 280 (1,388) (4,950) (1,837)
Compensation for stock options and restricted stock units Provision for bad debts Deferred income tax (benefit) expense thange in operating assets and liabilities: Decrease (increase) in: Accounts receivable Inventories, net Prepaid expenses and other current assets	1,366 1,082 (16) 5,920 (14,773) (2,032) (1,013)	1,203 806 280 (1,388) (4,950) (1,837)
Provision for bad debts Deferred income tax (benefit) expense hange in operating assets and liabilities: Decrease (increase) in: Accounts receivable Inventories, net Prepaid expenses and other current assets	1,082 (16) 5,920 (14,773) (2,032) (1,013)	806 280 (1,388) (4,950) (1,837)
Change in operating assets and liabilities: Decrease (increase) in: Accounts receivable Inventories, net Prepaid expenses and other current assets	5,920 (14,773) (2,032) (1,013)	(1,388) (4,950) (1,837)
Change in operating assets and liabilities: Decrease (increase) in: Accounts receivable Inventories, net Prepaid expenses and other current assets	5,920 (14,773) (2,032) (1,013)	(4,950) (1,837)
Decrease (increase) in: Accounts receivable Inventories, net Prepaid expenses and other current assets	(14,773) (2,032) (1,013)	(4,950) (1,837)
Accounts receivable Inventories, net Prepaid expenses and other current assets	(14,773) (2,032) (1,013)	(4,950) (1,837)
Prepaid expenses and other current assets	(2,032) (1,013)	(1,837)
	(1,013)	
Income tay benefit from exercise of stock ontions		(16)
income tax benefit from exercise of stock options	44	
Increase (decrease) in:	44	
Accounts payable and accrued liabilities		4,003
Income taxes payable	197	(275)
Customer deposits	(1,723)	328
Unearned service revenues	2,200	713
Net cash provided by operating activities	2,064	5,823
NVESTING ACTIVITIES:		
Purchases of property and equipment	(2,534)	(1,253)
Payments for intangible assets	(425)	(382)
Net cash used in investing activities	(2,959)	(1,635)
INANCING ACTIVITIES:		
Proceeds from notes payable		2,490
Payments on notes payable		(2,490)
Payments on capital leases	(117)	(39)
Income tax benefit from exercise of stock options	1,013	16
Proceeds from issuance of stock, net	6,875	363
Net cash provided by financing activities	7,771	340
FFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(259)	2,323
NCREASE IN CASH AND CASH EQUIVALENTS	6,617	6,851
ASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	50,722	35,078
ASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 57,339	\$ 41,929