
**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): February 28, 2012

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)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On February 28, 2012, FARO Technologies, Inc. (the “Company”) issued a press release announcing its results of operations for the fourth fiscal quarter and fiscal year ended December 31, 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 February 28, 2012.

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.

FARO Technologies, Inc.
(Registrant)

February 28, 2012

/s/ Keith Bair

By: Keith Bair

Its: Chief Financial Officer

EXHIBIT INDEX

Exhibit
Number

Description

99.1 Press release dated February 28, 2012.



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 Record Results for Fourth Quarter and Full Year 2011

LAKE MARY, FL, February 28, 2012 – FARO Technologies, Inc. (NASDAQ: FARO) today announced record results for the fourth quarter and full year ended December 31, 2011. Sales in the fourth quarter of 2011 increased 31.7% to \$77.1 million, from \$58.5 million in the fourth quarter of 2010. The Company reported net income increased by 95.8% to \$9.5 million, or \$0.56 per share, in the fourth quarter of 2011, from \$4.8 million, or \$0.29 per share, in the fourth quarter of 2010.

Fiscal 2011 sales were \$254.2 million, an increase of 32.5% compared to fiscal 2010 sales of \$191.8 million. Net income for fiscal 2011 was \$23.4 million compared to \$11.1 million in fiscal 2010.

New order bookings for fiscal 2011 were \$255.7 million, an increase of 29.2% from \$197.9 million in fiscal 2010. New order bookings for the fourth quarter of 2011 were \$77.1 million, an increase of \$9.7 million, or 14.4%, compared to \$67.4 million in the fourth quarter of 2010. A sluggish European economy resulted in lower than expected orders in the fourth quarter. However, orders in the other two regions met the Company's internal targets.

"We had another strong quarter, growing sales by almost 32% and EPS by 93%," stated Jay Freeland, FARO's President and CEO. "The Focus Laser Scanner continues to do well and the new FARO Edge Arm has been well-received by our customers. We also generated additional operating margin leverage through the combination of increased sales and tight cost controls."

Gross margin for the fourth quarter of 2011 was 56.5%, compared to 59.0% in the fourth quarter of 2010 and in line with the 56.1% gross margins of Q2 and Q3 2011, resulting from proportionately higher laser scanner sales, which currently have a lower gross margin relative to the Company's historical product mix.

The Company's operating margin for the fourth quarter increased to 16.7%, compared with 10.6% in the fourth quarter of 2010. The increase was driven by a combination of continued cost containment and substantial operating leverage on the Company's cost structure.

"The Company is performing extremely well. Our new products are creating strong demand, and we have more on the way in 2012. We're entering an exciting new era for the Company. We plan to introduce even more disruptive products as we go forward, and we will spend aggressively on R&D to drive our technology lead. FARO's market opportunity remains substantial and as a result, we believe that sales growth of 20 – 25% per year is an achievable target for the Company," 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 plans and strategies, product releases, demand for its products, spending on R&D, 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 plans 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 26,000 installations and 13,000 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.

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

(in thousands, except share and per share data)	Three Months Ended		Twelve Months Ended	
	Dec 31, 2011	Dec 31, 2010	Dec 31, 2011	Dec 31, 2010
SALES				
Product	\$ 65,953	\$ 49,456	\$ 212,635	\$ 157,331
Service	11,127	9,059	41,529	34,444
Total Sales	<u>77,080</u>	<u>58,515</u>	<u>254,164</u>	<u>191,775</u>
COST OF SALES				
Product	25,881	17,775	82,408	54,571
Service	7,687	6,204	28,067	23,806
Total Cost of Sales (exclusive of depreciation and amortization, shown separately below)	<u>33,568</u>	<u>23,979</u>	<u>110,475</u>	<u>78,377</u>
GROSS PROFIT	43,512	34,536	143,689	113,398
OPERATING EXPENSES:				
Selling	17,960	15,710	62,117	50,679
General and administrative	6,875	7,300	26,806	26,776
Depreciation and amortization	1,665	1,492	6,712	6,326
Research and development	4,159	3,854	15,196	12,690
Total operating expenses	<u>30,659</u>	<u>28,356</u>	<u>110,831</u>	<u>96,471</u>
INCOME FROM OPERATIONS	<u>12,853</u>	<u>6,180</u>	<u>32,858</u>	<u>16,927</u>
OTHER (INCOME) EXPENSE				
Interest income	(17)	(22)	(101)	(105)
Other expense (income), net	442	983	1,217	2,783
Interest expense	4	3	37	34
INCOME BEFORE INCOME TAX EXPENSE	12,424	5,216	31,705	14,215
INCOME TAX EXPENSE	<u>2,952</u>	<u>377</u>	<u>8,328</u>	<u>3,147</u>
NET INCOME	<u>\$ 9,472</u>	<u>\$ 4,839</u>	<u>\$ 23,377</u>	<u>\$ 11,068</u>
NET INCOME PER SHARE - BASIC	<u>\$ 0.57</u>	<u>\$ 0.30</u>	<u>\$ 1.42</u>	<u>\$ 0.69</u>
NET INCOME PER SHARE - DILUTED	<u>\$ 0.56</u>	<u>\$ 0.29</u>	<u>\$ 1.39</u>	<u>\$ 0.68</u>
Weighted average shares - Basic	<u>16,668,567</u>	<u>16,179,531</u>	<u>16,503,773</u>	<u>16,153,831</u>
Weighted average shares - Diluted	<u>16,940,201</u>	<u>16,424,638</u>	<u>16,868,471</u>	<u>16,365,826</u>

FARO TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	December 31, 2011	December 31, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 64,540	\$ 50,722
Short-term investments	64,997	64,986
Accounts receivable, net	57,512	51,862
Inventories, net	49,934	28,242
Deferred income taxes, net	5,297	4,455
Prepaid expenses and other current assets	9,207	8,045
Total current assets	251,487	208,312
Property and Equipment:		
Machinery and equipment	29,171	24,840
Furniture and fixtures	5,963	5,700
Leasehold improvements	10,233	9,682
Property and equipment at cost	45,367	40,222
Less: accumulated depreciation and amortization	(29,134)	(24,982)
Property and equipment, net	16,233	15,240
Goodwill		
	18,610	19,015
Intangible assets, net		
	6,849	7,204
Service inventory		
	17,316	13,726
Deferred income taxes, net		
	2,296	2,522
Total Assets	\$ 312,791	\$ 266,019
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 13,396	\$ 12,025
Accrued liabilities	18,076	15,208
Income taxes payable	2,682	1,138
Current portion of unearned service revenues	15,638	13,357
Customer deposits	4,072	3,679
Current portion of obligations under capital leases	84	91
Total current liabilities	53,948	45,498
Unearned service revenues - less current portion		
	9,540	6,758
Deferred tax liability, net		
	1,148	1,161
Obligations under capital leases - less current portion		
	257	125
Total Liabilities	64,893	53,542
Shareholders' Equity:		
Common stock - par value \$.001, 50,000,000 shares authorized; 17,381,110 and 16,894,374 issued; 16,700,875 and 16,214,139 outstanding, respectively	17	17
Additional paid-in capital	169,780	156,310
Retained earnings	81,360	57,983
Accumulated other comprehensive income	5,816	7,242
Common stock in treasury, at cost - 680,235 shares	(9,075)	(9,075)
Total Shareholders' Equity	247,898	212,477
Total Liabilities and Shareholders' Equity	\$ 312,791	\$ 266,019

FARO TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)	Years Ended December 31,		
	2011	2010	2009
CASH FLOWS FROM:			
OPERATING ACTIVITIES:			
Net income (loss)	\$ 23,377	\$ 11,068	\$(10,582)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	6,712	6,326	5,530
Compensation for stock options and restricted stock units	2,727	2,392	2,449
Provision for bad debts	2,169	2,408	1,852
Deferred income tax expense (benefit)	(672)	(693)	1,986
Change in operating assets and liabilities:			
Decrease (increase) in:			
Accounts receivable	(8,979)	(13,018)	5,769
Inventories, net	(27,329)	(6,273)	8,301
Prepaid expenses and other current assets	(1,417)	(2,172)	1,964
Income tax benefit from exercise of stock options	(1,593)	(133)	(4)
Increase (decrease) in:			
Accounts payable and accrued liabilities	4,644	10,435	(7,891)
Income taxes payable	2,998	829	(1,749)
Customer deposits	668	1,474	1,736
Unearned service revenues	5,384	2,338	(396)
Net cash provided by operating activities	8,689	14,981	8,965
INVESTING ACTIVITIES:			
Purchases of property and equipment	(4,474)	(4,047)	(3,387)
Payments for intangible assets	(890)	(979)	(670)
Purchases of short-term investments	—	—	(64,986)
Proceeds from sales of short-term investments	—	—	81,965
Net cash (used in) provided by investing activities	(5,364)	(5,026)	12,922
FINANCING ACTIVITIES:			
Proceeds from notes payable	—	2,490	—
Payments on notes payable	—	(2,490)	—
Payments on capital leases	(163)	(84)	(88)
Income tax benefit from exercise of stock options	1,593	133	4
Purchases of treasury stock	—	—	(8,829)
Proceeds from issuance of stock, net	9,150	1,405	83
Net cash provided by (used in) financing activities	10,580	1,454	(8,830)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(87)	4,235	(1,473)
INCREASE IN CASH AND CASH EQUIVALENTS	13,818	15,644	11,584
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	50,722	35,078	23,494
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 64,540	\$ 50,722	\$ 35,078