

ON ASSIGNMENT INC  
Form 8-K  
October 31, 2006

**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): **October 30, 2006**

**On Assignment, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**000-20540**  
(Commission  
File Number)

**95-4023433**  
(IRS Employer  
Identification No.)

**26651 West Agoura Road, Calabasas, California**  
(Address of principal executive offices)

**91302**  
(Zip Code)

Registrant's telephone number, including area code: **(818) 878-7900**

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 October 30, 2006, On Assignment, Inc. (the Company) announced its financial results for the third quarter of 2006. A copy of the press release is furnished with this Current Report on Form 8-K as Exhibit 99.1.

The following information shall be considered filed under the Securities Exchange Act of 1934, as amended. Set forth below is selected consolidated financial data for the Company as of September 30, 2005 and 2006 and June 30, 2006 and for the three months ended September 30, 2005 and 2006 and June 30, 2006 and for the nine months ended September 30, 2005 and 2006.

**CONSOLIDATED STATEMENTS OF OPERATIONS**

(Unaudited)  
(In thousands, except per share amounts)

|  | Three Months Ended |                    |               | Nine Months Ended  |                    |
|--|--------------------|--------------------|---------------|--------------------|--------------------|
|  | September 30, 2006 | September 30, 2005 | June 30, 2006 | September 30, 2006 | September 30, 2005 |
| Revenues   | \$ 75,678          | \$ 65,951          | \$ 68,636     | \$ 211,037         | \$ 173,155         |
| Cost of Services   | 54,898             | 48,010             | 49,368        | 154,005            | 126,910            |
| Gross Profit   | 20,780             | 17,941             | 19,268        | 57,032             | 46,245             |
| Selling, General and Administrative Expenses                     | 17,266             | 16,365             | 16,644        | 50,696             | 47,895             |
| Operating Income (Loss)  | 3,514              | 1,576              | 2,624         | 6,336              | (1,650)            |
| Interest Income  | 325                | 113                | 256           | 815                | 454                |
| Pre-tax Income (Loss)  | 3,839              | 1,689              | 2,880         | 7,151              | (1,196)            |
| Income Tax Expense (Benefit)                                     | 1,140              | (119)              | 966           | 2,236              | (279)              |
| Net Income (Loss)  | \$ 2,699           | \$ 1,808           | \$ 1,914      | \$ 4,915           | \$ (917)           |
| Diluted Earnings (Loss) Per Share                                | \$ 0.10            | \$ 0.07            | \$ 0.07       | \$ 0.18            | \$ (0.04)          |
| Weighted Average Common and Common Equivalent Shares Outstanding | 26,869             | 26,085             | 26,974        | 26,752             | 25,368             |

**SUPPLEMENTAL FINANCIAL INFORMATION**

(Unaudited)  
(In thousands)

|                              | Three Months Ended |                    |               | Nine Months Ended  |                    |
|------------------------------|--------------------|--------------------|---------------|--------------------|--------------------|
|                              | September 30, 2006 | September 30, 2005 | June 30, 2006 | September 30, 2006 | September 30, 2005 |
| Revenues:                    |                    |                    |               |                    |                    |
| Lab Support Segment          | \$ 30,588          | \$ 26,615          | \$ 29,070     | \$ 86,116          | \$ 72,382          |
| Nurse Travel                 | 32,000             | 28,251             | 26,934        | 87,616             | 71,959             |
| Medical Financial and Allied | 13,090             | 11,085             | 12,632        | 37,305             | 28,814             |
| Healthcare Segment           | 45,090             | 39,336             | 39,566        | 124,921            | 100,773            |
| Total                        | \$ 75,678          | \$ 65,951          | \$ 68,636     | \$ 211,037         | \$ 173,155         |
| Gross Profit:                |                    |                    |               |                    |                    |
| Lab Support Segment          | \$ 9,988           | \$ 8,587           | \$ 9,723      | \$ 27,786          | \$ 23,164          |

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|  |           |             |           |           |           |
|--|-----------|-------------|-----------|-----------|-----------|
| Nurse Travel                           | 6,505     | 5,820       | 5,565     | 17,855    | 14,544    |
| Medical Financial and Allied           | 4,287     | 3,534       | 3,980     | 11,391    | 8,537     |
| Healthcare Segment                     | 10,792    | 9,354       | 9,545     | 29,246    | 23,081    |
| Total                                  | \$ 20,780 | \$ 17,941   | \$ 19,268 | \$ 57,032 | \$ 46,245 |
| Selected Cash Flow Information:        |           |             |           |           |           |
| Cash provided by (used for) Operations | \$ 2,646  | \$ (1,149 ) | \$ 6,885  | \$ 12,001 | \$ 3,369  |
| Capital Expenditures                   | 800       | 951         | 658       | 3,054     | 3,093     |

**SELECTED CONSOLIDATED BALANCE SHEET DATA**

(Unaudited)  
(In thousands of dollars)

|   | As of              |                    |               |
|---|--------------------|--------------------|---------------|
|   | September 30, 2006 | September 30, 2005 | June 30, 2006 |
| Cash, Cash Equivalents, Restricted Cash and Marketable Securities | \$ 35,572          | \$ 25,303          | \$ 33,789     |
| Accounts Receivable, net  | 41,291             | 35,016             | 35,084        |
| Working Capital   | 57,788             | 44,769             | 53,630        |
| Total Assets  | 107,974            | 93,981             | 100,819       |
| Current Liabilities   | 21,439             | 19,142             | 18,140        |
| Long-term Liabilities   | 622                | 110                | 476           |
| Stockholders Equity   | 85,913             | 74,729             | 82,203        |

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Item 9.01 Financial Statements and Exhibits.

(d) The following exhibit is furnished pursuant to Item 2.02:

|      |   |
|------|---|
| 99.1 | Press release of On Assignment, Inc. dated October 30, 2006, reporting its financial results for the third quarter of 2006. |
|------|---|

**SIGNATURES**

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

On Assignment, Inc.

Date: October 31, 2006

/s/ Michael J. Holtzman  
Michael J. Holtzman  
Sr. Vice President, Finance and  
Chief Financial Officer

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