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COMSYS IT Partners, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you sir. (Operator instructions) We'll go first to Jeff Silber with BMO Capital Markets.

Jeff Silber – BMO Capital Markets

Thank you so much. Thank you for providing us some of the information on the financial services sector and the impact. Can you just go through in terms of some of the other verticals roughly what your exposure is, and if you can provide us any color about what's going on in those end markets, that would be helpful?

Larry Enterline

You know what, what I would say, Jeff, is we broke out financial services principally because of our exposure there. I would say it's a mixed bag across the rest of our verticals. Pharma was strong for us, for instance. But again, I'm not drawing any conclusions. I think from a macro standpoint, our planning is still pretty defensive.

Jeff Silber – BMO Capital Markets

Okay. In terms of the acquisition impact, you mentioned what it was in the quarter. Should we see – are we expecting the same kind of impact from acquisitions in the second quarter as well?

Amy Bobbitt

Yes.

Jeff Silber – BMO Capital Markets

Okay. And just some clarification on taxes, if you do start providing taxes at the full statutory rate, should we be using about a 41% rate?

Amy Bobbitt

Yes, approximately 40%.

Jeff Silber – BMO Capital Markets

Okay, great. I'll jump back into the queue and let somebody else get on. Thanks.

Operator

We'll go next to Chris Cook with Zazove Associates.

Chris Cook – Zazove Associates

Yes, thanks. My question was on tax as well. If you remain profitable, as you expect to, would that mean in 2009 you would begin paying – if you release your revaluation allowance, would you begin paying taxes – cash taxes in 2009?

Amy Bobbitt

No. We have net operating losses that carry forward the first loan period of time, so we would still be in a very minimal cash tax position in 2009.

Chris Cook – Zazove Associates

How big is your total NOL?

Amy Bobbitt

We have substantial NOLs that we can use for up to 20 years.

Chris Cook – Zazove Associates

Okay. So, I guess, you're telling me that cash taxes really shouldn't be a part of the calculus from a free cash flow standpoint for the foreseeable future. Is that –?

Amy Bobbitt

That's correct.

Chris Cook – Zazove Associates

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