

PRO DEX INC
Form 10-Q
February 07, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended December 31, 2011

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 0-14942

PRO-DEX, INC.

(Exact name of registrant as specified in its charter)

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Colorado
(State or Other Jurisdiction of

84-1261240
(IRS Employer Identification No.)

Incorporation or Organization)

2361 McGaw Avenue, Irvine, California 92614

(Address of Principal Executive Offices)

Registrant's telephone number: 949-769-3200

Indicate by check mark whether the registrant (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 twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past ninety days. Yes No

Indicate by check mark whether the registrant 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 during the preceding 12 months (or for such shorter period that the registrant 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 under Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
Indicate whether the registrant 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 Registrant's classes of Common Stock outstanding as of the latest practicable date:
3,272,350 shares of Common Stock, no par value, as of February 6, 2012.

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Table of Contents**Item 1. Financial Statements****PRO-DEX, INC. and SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(unaudited)**

	December 31, 2011	June 30, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,267,000	\$ 4,689,000
Accounts receivable, net of allowance for doubtful accounts of \$13,000 at December 31, 2011 and \$7,000 at June 30, 2011	2,248,000	3,128,000
Other current receivables	52,000	12,000
Inventories	4,733,000	3,703,000
Prepaid expenses	234,000	145,000
Deferred income taxes	162,000	163,000
Total current assets	11,696,000	11,840,000
Property, plant, equipment and leasehold improvements, net	3,559,000	3,661,000
Other assets	53,000	60,000
Total assets	\$ 15,308,000	\$ 15,561,000
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 1,624,000	\$ 1,207,000
Accrued expenses	1,744,000	2,379,000
Income taxes payable	30,000	78,000
Current portion of bank term loan	357,000	357,000
Total current liabilities	3,755,000	4,021,000
Non-current liabilities:		
Bank term loan	595,000	774,000
Deferred income taxes	162,000	163,000
Deferred rent	285,000	279,000
Total non-current liabilities	1,042,000	1,216,000
Total liabilities	4,797,000	5,237,000
Commitments and contingencies		
Shareholders' equity:		
Common shares; no par value; 50,000,000 shares authorized; 3,272,350 shares issued and outstanding at December 31, 2011 and at June 30, 2011	16,777,000	16,744,000
Accumulated deficit	(6,266,000)	(6,420,000)
Total shareholders' equity	10,511,000	10,324,000
Total liabilities and shareholders' equity	\$ 15,308,000	\$ 15,561,000

See notes to condensed consolidated financial statements.

Table of Contents**PRO-DEX, INC. and SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(unaudited)**

	For The Three Months Ended December 31,	
	2011	2010
Net sales	\$ 4,907,000	\$ 6,157,000
Cost of sales	3,504,000	3,733,000
Gross profit	1,403,000	2,424,000
Operating expenses:		
Selling expenses	369,000	351,000
General and administrative expenses	709,000	897,000
Research and development costs	607,000	605,000
Total operating expenses	1,685,000	1,853,000
Income (loss) from operations	(282,000)	571,000
Other income (expense):		
Interest expense, net	(9,000)	(22,000)
Total other income (expense)	(9,000)	(22,000)
Income (loss) before provision for income taxes	(291,000)	549,000
Provision for income taxes	1,000	148,000
Net income (loss)	\$ (292,000)	\$ 401,000
Net income (loss) per share:		
Basic	\$ (0.09)	\$ 0.12
Diluted	\$ (0.09)	\$ 0.12
Weighted average shares outstanding basic	3,272,350	3,263,437
Weighted average shares outstanding diluted	3,272,350	3,272,152

See notes to condensed consolidated financial statements.

Table of Contents**PRO-DEX, INC. and SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(unaudited)**

	For the Six Months Ended December 31,	
	2011	2010
Net sales	\$ 10,937,000	\$ 11,986,000
Cost of sales	7,205,000	7,378,000
Gross profit	3,732,000	4,608,000
Operating expenses:		
Selling expenses	743,000	775,000
General and administrative expenses	1,544,000	1,660,000
Research and development costs	1,269,000	1,196,000
Total operating expenses	3,556,000	3,631,000
Income from operations	176,000	977,000
Other income (expense):		
Interest expense, net	(20,000)	(80,000)
Total other income (expense)	(20,000)	(80,000)
Income before provision for income taxes	156,000	897,000
Provision for income taxes	2,000	154,000
Net income	\$ 154,000	\$ 743,000
Net income per share:		
Basic	\$ 0.05	\$ 0.23
Diluted	\$ 0.05	\$ 0.23
Weighted average shares outstanding basic	3,272,350	3,257,643
Weighted average shares outstanding diluted	3,292,508	3,263,654

See notes to condensed consolidated financial statements.

Table of Contents**PRO-DEX, INC. and SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(unaudited)**

	For The Six Months Ended December 31,	
	2011	2010
Cash flows from operating activities:		
Net income	\$ 154,000	\$ 743,000
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	339,000	342,000
Allowance for doubtful accounts	6,000	(10,000)
Share-based compensation	33,000	12,000
Changes in:		
Accounts receivable	834,000	148,000
Inventories	(1,030,000)	(678,000)
Prepaid expenses	(88,000)	(30,000)
Other assets	8,000	17,000
Accounts payable and accrued expenses	(213,000)	(597,000)
Income taxes payable	(49,000)	(5,000)
 Net cash used in operating activities	 (6,000)	 (58,000)
Cash flows from investing activities:		
Purchases of equipment and leasehold improvements	(237,000)	(16,000)
 Net cash used in investing activities	 (237,000)	 (16,000)
Cash flows from financing activities:		
Principal payments on term loan	(179,000)	(200,000)
Principal payments on mortgage		(1,528,000)
Proceeds from exercise of stock options		27,000
 Net cash used in financing activities	 (179,000)	 (1,701,000)
 Net decrease in cash and cash equivalents	 (422,000)	 (1,775,000)
Cash and cash equivalents, beginning of period	4,689,000	3,794,000
 Cash and cash equivalents, end of period	 \$ 4,267,000	 \$ 2,019,000

Supplemental Information