

SHARPS COMPLIANCE CORP
Form 10-Q
November 07, 2013

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 September 30, 2013
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: 001-34269

SHARPS COMPLIANCE CORP.
(Exact name of registrant as specified in its charter)

Delaware 74-2657168
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

9220 Kirby Drive, Suite 500, Houston, Texas 77054
(Address of principal executive offices) (Zip Code)

(713) 432-0300
(Registrant's telephone number, including area code)

Indicate by check mark if 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 12 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 90 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 (§232.405 this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Edgar Filing: SHARPS COMPLIANCE CORP - Form 10-Q

Indicate by check mark whether the registrant is a large accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934.

Large Accelerated Filer	Accelerated Filer	Non-accelerated Filer	Smaller reporting company
<input type="radio"/>	<input type="radio"/>	<input type="radio"/> (Do not check if a smaller reporting company)	<input type="radio"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act).
Yes No

As of November 4, 2013, there were 15,333,359 outstanding shares of the Registrant's common stock, par value \$0.01 per share.

SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

PART I FINANCIAL INFORMATION	PAGE
Item 1. Financial Statements	
<u>Condensed Consolidated Balance Sheets as of September 30, 2013 and June 30, 2013</u>	3
<u>Condensed Consolidated Statements of Operations for the three months ended September 30, 2013 and 2012</u>	4
<u>Condensed Consolidated Statements of Stockholders' Equity for the three months ended September 30, 2013 and year ended June 30, 2013</u>	5
<u>Condensed Consolidated Statements of Cash Flows for the three months ended September 30, 2013 and 2012</u>	6
<u>Notes to Condensed Consolidated Financial Statements</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	11
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	17
Item 4. <u>Controls and Procedures</u>	17
Part II OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	17
Item 1A. <u>Risk Factors</u>	17
Item 2. <u>Unregistered Sales Of Equity Securities And Use Of Proceeds.</u>	18
Item 6. <u>Exhibits</u>	18
<u>SIGNATURES</u>	19

Table of Contents

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and par value)

	September 30, 2013 (Unaudited)	June 30, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 15,337	\$15,503
Restricted cash	111	111
Accounts receivable, net of allowance for doubtful accounts of \$26 and \$26, respectively	3,695	2,595
Inventory	1,523	1,632
Prepaid and other current assets	640	583
TOTAL CURRENT ASSETS	21,306	20,424
PROPERTY, PLANT AND EQUIPMENT, net	4,382	4,440
INTANGIBLE ASSETS, net of accumulated amortization of \$288 and \$275, respectively	723	668
TOTAL ASSETS	\$ 26,411	\$25,532
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,667	\$1,085
Accrued liabilities	1,293	1,345
Deferred revenue	1,637	1,351
TOTAL CURRENT LIABILITIES	4,597	3,781
LONG-TERM DEFERRED REVENUE	582	579
OTHER LONG-TERM LIABILITIES	11	102
TOTAL LIABILITIES	5,190	4,462
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value per share; 20,000,000 shares authorized; 15,385,819 and 15,370,320 shares issued and outstanding, respectively	154	154
Treasury stock, at cost, 44,360 and 25,360 shares repurchased, respectively	(126)	(74)
Additional paid-in capital	23,292	23,211
Accumulated deficit	(2,099)	(2,221)
TOTAL STOCKHOLDERS' EQUITY	21,221	21,070
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 26,411	\$25,532

The accompanying notes are an integral part of these condensed consolidated financial statements.

3

Table of ContentsSHARPS COMPLIANCE CORP. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per-share data)

	Three-Months Ended September 30, 2013 2012 (Unaudited)	
REVENUES	\$6,273	\$5,153
Cost of revenues	3,948	3,601
GROSS PROFIT	2,325	1,552
Selling, general and administrative	2,079	2,080
Depreciation and amortization	116	113
OPERATING INCOME (LOSS)	130	(641)
OTHER INCOME		
Interest income	5	8
TOTAL OTHER INCOME	5	8
INCOME (LOSS) BEFORE INCOME TAXES	135	(633)
INCOME TAX EXPENSE		
Current	13	5
Deferred	-	1
TOTAL INCOME TAX EXPENSE	13	6
NET INCOME (LOSS)		