

ENCISION INC
Form 10-Q
February 13, 2009
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10-Q

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

For the quarterly period ended December 31, 2008

OR

- o 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 0-28604

ENCISION INC.

(Exact name of registrant as specified in its charter)

Edgar Filing: ENCISION INC - Form 10-Q

Colorado

(State or other jurisdiction of incorporation or organization)

84-1162056

(I.R.S. Employer Identification No.)

6797 Winchester Circle

Boulder, Colorado 80301

(Address of principal executive offices)

(303) 444-2600

(Registrant's telephone number)

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 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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by checkmark 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 issuer's classes of common equity, as of the latest practicable date:

Common Stock, no par value
(Class)

6,455,100 Shares
(outstanding at January 31, 2009)

Transitional Small Business Disclosure Format

Yes o No x

Table of Contents

ENCISION INC.

FORM 10-Q

For the Quarter Ended December 31, 2008

INDEX

		Page Number
<u>PART I.</u>	<u>FINANCIAL INFORMATION</u>	
<u>ITEM 1</u>	<u>– Condensed Interim Financial Statements:</u>	
	<u>– Condensed Balance Sheets as of December 31, 2008 and March 31, 2008</u>	3
	<u>– Condensed Statements of Operations for the Three Months Ended December 31, 2008 and 2007</u>	4
	<u>– Condensed Statements of Operations for the Nine Months Ended December 31, 2008 and 2007</u>	5
	<u>– Condensed Statements of Cash Flows for the Nine Months Ended December 31, 2008 and 2007</u>	6
	<u>– Notes to Condensed Interim Financial Statements</u>	7
<u>ITEM 2</u>	<u>– Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	11
<u>ITEM 4</u>	<u>– Controls and Procedures</u>	16
<u>PART II.</u>	<u>OTHER INFORMATION</u>	
<u>ITEM 6</u>	<u>– Exhibits</u>	17
<u>SIGNATURE</u>		18

Table of Contents**PART I** **FINANCIAL INFORMATION****ITEM 1** – **CONDENSED INTERIM FINANCIAL STATEMENTS****Encision Inc.****Condensed Balance Sheets****(unaudited)**

	December 31, 2008	March 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 72,380	\$ 70,995
Accounts receivable, net of allowance for doubtful accounts of \$14,000 at December 31, 2008 and \$15,000 at March 31, 2008	1,432,854	1,452,770
Inventories, net of reserve for obsolescence of \$45,000 at December 31, 2008 and \$65,000 at March 31, 2008	2,098,137	2,270,953
Prepaid expenses	101,569	99,025
Total current assets	3,704,940	3,893,743
Equipment, at cost:		
Furniture, fixtures and equipment	1,917,515	1,776,823
Customer-site equipment	688,504	644,946
Accumulated depreciation	(1,795,277)	(1,623,432)
Equipment, net	810,742	798,337
Patents, net of accumulated amortization of \$125,909 at December 31, 2008 and \$116,652 at March 31, 2008	218,481	199,246
Other assets	31,666	53,149
TOTAL ASSETS	\$ 4,765,829	\$ 4,944,475
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 672,964	\$ 536,755
Accrued compensation	293,454	391,889
Other accrued liabilities	392,072	481,106
Line of credit	198,942	
Total current liabilities	1,557,432	1,409,750
Long-term debt		606,000
Commitments and contingencies (Note 3)		
Shareholders' equity:		
Preferred stock, no par value: 10,000,000 shares authorized; none issued and outstanding		
Common stock and additional paid-in capital, no par value: 100,000,000 shares authorized; 6,455,100 and 6,447,100 shares issued and outstanding at December 31, 2008 and March 31, 2008, respectively	19,523,110	19,387,331
Accumulated (deficit)	(16,314,713)	(16,458,606)
Total shareholders' equity	3,208,397	2,928,725
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,765,829	\$ 4,944,475

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

Table of Contents**Encision Inc.****Condensed Statements of Operations****(Unaudited)**

Three Months Ended	December 31, 2008	December 31, 2007
NET SALES	\$ 3,270,854	\$ 3,130,752
COST OF SALES	1,191,493	1,103,185
GROSS PROFIT	2,079,362	2,027,567
OPERATING EXPENSES:		
Sales and marketing	1,191,079	1,304,732
General and administrative	354,908	330,777
Research and development	286,551	325,028
Total operating expenses	1,832,538	1,960,537
OPERATING INCOME	246,824	67,030
Interest expense, net	(14,449)	(8,293)
Other income (expense), net	535	299
Interest and other income (expense), net	(13,914)	(7,994)
INCOME BEFORE PROVISION FOR INCOME TAXES	232,910	59,036
Provision for income taxes		
NET INCOME	\$ 232,910	\$ 59,036
Net income per share basic and diluted	\$ 0.04	\$ 0.01
Weighted average shares basic	6,455,100	6,447,100
Weighted average shares diluted		