

BENTLEY PHARMACEUTICALS INC
Form 10-Q
November 09, 2004

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2004**

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 **1-10581**

BENTLEY PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

No. 59-1513162
(I.R.S. Employer
Identification No.)

Bentley Park, 2 Holland Way, Exeter, New Hampshire 03833

(Current Address of Principal Executive Offices)

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Registrant's telephone number, including area code: **(603) 658-6100**

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 an accelerated filer (as defined in rule 12b-2 of the Exchange Act). YES NO

The number of shares of the registrant's common stock outstanding as of November 4, 2004 was 21,307,195.

BENTLEY PHARMACEUTICALS, INC. AND SUBSIDIARIES
FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2004

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BENTLEY PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands, except per share data)	September 30, 2004	December 31, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 33,763	\$ 39,393
Marketable securities	476	1,252
Receivables, net	25,863	18,036
Inventories, net	9,013	7,106
Deferred taxes	210	213
Prepaid expenses and other	1,492	899
Total current assets	70,817	66,899
Non-current assets:		
Fixed assets, net	25,053	18,566
Drug licenses and related costs, net	14,109	13,818
Restricted cash	1,000	1,000
Other	166	180
Total non-current assets	40,328	33,564
	\$ 111,145	\$ 100,463
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 13,303	\$ 10,154
Accrued expenses	7,395	7,103
Short-term borrowings	1,950	1,915
Current portion of long-term debt		70
Deferred income	3,216	1,956
Total current liabilities	25,864	21,198
Non-current liabilities:		
Deferred taxes	2,402	2,555
Long-term debt	369	369
Other	75	176
Total non-current liabilities	2,846	3,100
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$1.00 par value, authorized 2,000 shares, issued and outstanding, none		
Common stock, \$.02 par value, authorized 100,000 shares, issued and outstanding, 21,304 and 20,573 shares	426	412
Stock purchase warrants (to purchase zero and 420 shares of common stock)		333
Additional paid-in capital	140,370	136,850
Accumulated deficit	(62,887)	(66,599)
Accumulated other comprehensive income	4,526	5,169
Total stockholders' equity	82,435	76,165
	\$ 111,145	\$ 100,463

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

BENTLEY PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

AND STATEMENTS OF COMPREHENSIVE INCOME

(in thousands, except per share data)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2004	2003	2004	2003
Revenues:				
Net product sales	\$ 17,312	\$ 14,540	\$ 51,325	\$ 45,371
Licensing and collaboration revenues	791	335	2,550	1,246
Total revenues	18,103	14,875	53,875	46,617
Cost of net product sales	8,568	5,744	25,161	18,684
Gross profit	9,535	9,131	28,714	27,933
Operating expenses:				
Selling and marketing	3,199	3,224	10,919	10,203
General and administrative	2,140	1,744	6,590	5,089
Research and development	1,230	966	3,171	2,863
Depreciation and amortization	447	356	1,260	967
Total operating expenses	7,016	6,290	21,940	19,122
Income from operations	2,519	2,841	6,774	8,811
Other income (expenses):				
Interest income	157	71	399	236
Interest expense	(49)	(60)	(160)	(174)
Other, net	130	9	1,405	5
Income before income taxes	2,757	2,861	8,418	8,878
Provision for income taxes	1,344	1,513	4,706	4,469
Net income	\$ 1,413	\$ 1,348	\$ 3,712	\$ 4,409
Net income per common share:				
Basic	\$ 0.07	\$ 0.08	\$ 0.18	\$ 0.25
Diluted	\$ 0.06	\$ 0.06	\$ 0.16	\$ 0.21
Weighted average common shares outstanding:				
Basic	21,049	17,911	20,764	17,635
Diluted	22,746	22,228	22,772	21,321
Net income	\$ 1,413	\$ 1,348	\$ 3,712	\$ 4,409
Other comprehensive income (loss):				
Foreign currency translation gains (losses)	895	495	(643)	2,688
Comprehensive income	\$ 2,308	\$ 1,843	\$ 3,069	\$ 7,097

The accompanying Notes to Condensed Consolidated Financial Statements are an integral part of these financial statements.

BENTLEY PHARMACEUTICALS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY

(in thousands, except per share data)	\$.02 Par Value Common Stock		Stock Purchase Warrants	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total
	Shares	Amount					
Balance at December 31, 2003	20,573	\$ 412	\$ 333	\$ 136,850	\$ (66,599)	5,169	\$ 76,165
Exercise of stock options and warrants	719	14	(333)	3,369			3,050
Equity based compensation	12			151			