

ENCISION INC  
Form 10-Q  
February 12, 2010  
[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, 2009**

**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 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 of 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

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   
(Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark 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, 2010)



Table of Contents

ENCISION INC.

FORM 10-Q

For the Three Months Ended December 31, 2009

INDEX

			Page Number
<b><u>PART I.</u></b>	<b><u>FINANCIAL INFORMATION</u></b>		
<b><u>ITEM 1</u></b>	=	<u>Condensed Interim Financial Statements:</u>	
	=	<u>Condensed Balance Sheets as of December 31, 2009 and March 31, 2009</u>	3
	=	<u>Condensed Statements of Operations for the Three Months Ended December 31, 2009 and 2008</u>	4
	=	<u>Condensed Statements of Operations for the Nine Months Ended December 31, 2009 and 2008</u>	5
	=	<u>Condensed Statements of Cash Flows for the Nine Months Ended December 31, 2009 and 2008</u>	6
	=	<u>Notes to Condensed Interim Financial Statements</u>	7
<b><u>ITEM 2</u></b>	=	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	12
<b><u>ITEM 4</u></b>	=	<u>Controls and Procedures</u>	17
<b><u>PART II.</u></b>	<b><u>OTHER INFORMATION</u></b>		
<b><u>ITEM 6</u></b>	=	<u>Exhibits</u>	18
<b><u>SIGNATURE</u></b>			19

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

	<b>December 31,</b>		<b>March 31,</b>
	<b>2009</b>		<b>2009</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 46,582	\$	84,658
Accounts receivable, net of allowance for doubtful accounts of \$10,500 at December 31, 2009 and \$9,000 at March 31, 2009	1,196,611		1,263,751
Inventories, net of reserve for obsolescence of \$55,000	2,351,121		2,504,598
Prepaid expenses	91,909		36,541
Total current assets	3,686,223		3,889,548
Equipment, at cost:			
Furniture, fixtures and equipment	2,340,307		2,003,337
Customer-site equipment	751,504		667,171
Accumulated depreciation	(1,997,125)		(1,830,273)
Equipment, net	1,094,686		840,235
Patents, net of accumulated amortization of \$140,393 at December 31, 2009 and \$128,994 at March 31, 2009	264,887		215,801
Other assets	26,929		24,505
<b>TOTAL ASSETS</b>	<b>\$ 5,072,725</b>	<b>\$</b>	<b>4,970,089</b>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>			
Current liabilities:			
Accounts payable	\$ 372,276	\$	745,138
Accrued compensation	337,002		405,906
Other accrued liabilities	388,067		367,266
Line of credit			190,942
Total current liabilities	1,097,345		1,709,252
Long-term liabilities:			
Line of credit	275,000		
<b>Commitments and contingencies</b>			
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 shares issued and outstanding			
	19,640,391		19,559,626
Accumulated (deficit)	(15,940,011)		(16,298,789)
Total shareholders' equity	3,700,380		3,260,837
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>\$ 5,072,725</b>	<b>\$</b>	<b>4,970,089</b>

Edgar Filing: ENCISION INC - Form 10-Q

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

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

<b>Three Months Ended</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2009</b>	<b>2008</b>
<b>NET SALES</b>	\$ 3,260,316	\$ 3,270,854
<b>COST OF SALES</b>	1,251,710	1,191,492
<b>GROSS PROFIT</b>	2,008,606	2,079,362
<b>OPERATING EXPENSES:</b>		
Sales and marketing	1,146,245	1,191,079
General and administrative	361,305	354,908
Research and development	340,749	286,551
Total operating expenses	1,848,299	1,832,538
<b>OPERATING INCOME</b>	160,307	246,824
Interest expense, net	(9,213)	(14,449)
Other income (expense), net	(2,071)	535
Interest and other income (expense), net	(11,284)	(13,914)
<b>INCOME BEFORE PROVISION FOR INCOME TAXES</b>	149,023	232,910
Provision for income taxes		
<b>NET INCOME</b>	\$ 149,023	\$ 232,910
Net income per share basic	\$ 0.02	\$ 0.04
Net income per share diluted	\$ 0.02	\$ 0.04
Weighted average shares basic	6,455,100	