

SHARPS COMPLIANCE CORP  
Form 10-Q  
February 01, 2017

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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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, 2016

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

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SHARPS COMPLIANCE CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

74-2657168

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

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

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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  
(Do not check if a smaller reporting company)

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 January 30, 2017, there were 15,986,857 outstanding shares of the Registrant's common stock, par value \$0.01 per share.

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SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

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## PART I FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## SHARPS COMPLIANCE CORP. AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share and par value)

	December 31, 2016	June 30, 2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,234	\$ 12,435
Accounts receivable, net of allowance for doubtful accounts of \$72 and \$63, respectively	5,766	5,814
Inventory, net	4,382	3,919
Prepaid and other current assets	727	695
<b>TOTAL CURRENT ASSETS</b>	<b>18,109</b>	<b>22,863</b>
<b>PROPERTY, PLANT AND EQUIPMENT, net</b>	<b>6,878</b>	<b>5,032</b>
<b>OTHER ASSETS</b>	<b>118</b>	<b>84</b>
<b>GOODWILL</b>	<b>6,724</b>	<b>1,039</b>
<b>INTANGIBLE ASSETS, net of accumulated amortization of \$803 and \$502, respectively</b>	<b>4,264</b>	<b>1,129</b>
<b>TOTAL ASSETS</b>	<b>\$ 36,093</b>	<b>\$ 30,147</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 3,130	\$ 1,620
Accrued liabilities	1,936	1,534
Current maturities of long-term debt	684	-
Deferred revenue	2,356	2,477
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,106</b>	<b>5,631</b>
<b>LONG-TERM DEFERRED REVENUE, net of current portion</b>	<b>534</b>	<b>483</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>171</b>	<b>190</b>
<b>LONG-TERM DEBT, net of current portion</b>	<b>2,212</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>11,023</b>	<b>6,304</b>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.01 par value per share; 20,000,000 shares authorized; 16,282,472 and 15,740,458 shares issued, respectively and 15,986,857 and 15,444,843 shares outstanding, respectively	163	158

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Treasury stock, at cost, 295,615 shares repurchased	(1,554	)	(1,554	)
Additional paid-in capital	27,747		25,331	
Accumulated deficit	(1,286	)	(92	)
TOTAL STOCKHOLDERS' EQUITY	25,070		23,843	
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 36,093		\$ 30,147	

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

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per-share data)

	Three-Months Ended December 31,	
	2016	2015
REVENUES	\$ 9,707	\$ 9,992
Cost of revenues	6,812	6,673
GROSS PROFIT	2,895	3,319
Selling, general and administrative	2,899	2,585
Depreciation and amortization	200	70
OPERATING INCOME (LOSS)	(204 )	664
OTHER INCOME (EXPENSE)		
Interest income	4	9
Interest expense	(27 )	-
TOTAL OTHER (EXPENSE) INCOME	(23 )	9
INCOME (LOSS) BEFORE INCOME TAXES	(227 )	673
INCOME TAX EXPENSE - Current	-	58
TOTAL INCOME TAX EXPENSE	-	58