

ENCISION INC
Form 10-Q
February 06, 2012
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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 December 31, 2011

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: 001-11789

ENCISION INC.

(Exact name of registrant as specified in its charter)

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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 December 31, 2011)

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ENCISION INC.

FORM 10-Q

For the Three Months Ended December 31, 2011

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

	December 31, 2011	March 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 6,227	\$ 120,008
Accounts receivable, net of allowance for doubtful accounts of \$5,000 at December 31, 2011 and \$9,000 at March 31, 2011	1,426,766	1,160,008
Inventories, net of reserve for obsolescence of \$60,000 at December 31, 2011 and \$60,000 at March 31, 2011	2,677,008	2,603,873
Prepaid expenses	75,296	74,635
Total current assets	4,185,297	3,958,524
Equipment, at cost:		
Furniture, fixtures and equipment	3,126,154	2,578,637
Customer-site equipment	814,357	814,357
Accumulated depreciation	(2,411,105)	(2,224,371)
Equipment, net	1,529,406	1,168,623
Patents, net of accumulated amortization of \$166,453 at December 31, 2011 and \$157,971 at March 31, 2011	271,166	260,097
Other assets		23,624
TOTAL ASSETS	\$ 5,985,869	\$ 5,410,868
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,115,969	\$ 673,538
Accrued compensation	331,344	261,269
Other accrued liabilities	544,126	287,067
Line of credit	756,237	435,000
Total current liabilities	2,747,676	1,656,874
Commitments and contingencies		
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	19,837,868	19,783,361
Accumulated (deficit)	(16,599,675)	(16,029,367)
Total shareholders' equity	3,238,193	3,753,994
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 5,985,869	\$ 5,410,868

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

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Three Months Ended	December 31, 2011	December 31, 2010
NET REVENUE:		
Product	\$ 2,688,625	\$ 2,916,808
Service	478,654	
Total Revenue	3,167,279	2,916,808
COST OF REVENUE:		
Product	1,195,418	1,095,667
Service	230,866	
Total Cost of Revenue	1,426,284	1,095,667
GROSS PROFIT	1,740,995	1,821,141
OPERATING EXPENSES:		
Sales and marketing	1,057,771	963,540
General and administrative	406,933	340,571
Research and development	338,461	269,491
Total operating expenses	1,803,165	1,573,602
OPERATING PROFIT (LOSS)	(62,170)	247,539
Interest expense, net	(18,789)	(14,010)
Other income, net	402	393
Interest and other income, net		