

DAIS ANALYTIC CORP
Form 10-Q
August 10, 2011

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 June 30, 2011

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 000-53554

DAIS ANALYTIC CORPORATION
(Exact name of Registrant as specified in its charter)

New York
(State or other jurisdiction of
incorporation or organization)

14-1760865
(IRS Employer
Identification No.)

11552 Prosperous Drive, Odessa, FL 33556
(Address of principal executive offices) (Zip Code)
Registrant's telephone number, including area code: (727) 375-8484

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 at least 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 "accelerated filer, large accelerated filer and smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer 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 x

There were 36,095,064 shares of the Registrant’s \$0.01 par value common stock outstanding as of August 1, 2011.

Dais Analytic Corporation

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PART I— FINANCIAL INFORMATION

Dais Analytic Corporation
Balance Sheets

	June 30, 2011 (unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$ 841,797	\$ 304,656
Accounts receivable, net of allowance for doubtful accounts of \$18,650 and \$0 at June 30, 2011 and December 31, 2010, respectively	807,967	828,632
Other receivables	69,526	59,526
Inventory	371,970	294,069
Deferred offering costs	547,376	175,000
Debt issue costs	49,807	—
Prepaid expenses and other current assets	57,916	83,136
Total current assets	2,746,359	1,745,019
Property and equipment, net	144,914	147,911
Other assets:		
Deposits	2,280	3,280
Patents, net of accumulated amortization of \$120,890 and \$112,240 at June 30, 2011 and December 31, 2010, respectively	79,309	74,363
Total other assets	81,589	77,643
	\$ 2,972,862	\$ 1,970,573
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable, including related party payables of \$434,437 and \$151,440 at June 30, 2011 and December 31, 2010, respectively	\$ 877,239	\$ 620,196
Accrued compensation and related benefits	1,405,606	1,426,022
Accrued expenses, other	268,374	241,861
Current portion of deferred revenue	590,541	647,804
Current portion of convertible notes payable	—	50,000
Current portion of notes payable, related party	624	1,620,624
Current portion of convertible notes payable, related party net of unamortized discount of \$1,049,432 and \$0 at June 30, 2011 and December 31, 2010, respectively	1,450,568	—
Total current liabilities	4,592,952	4,606,507
Long-term liabilities:		
Warrant liability	4,616,255	3,958,318
Deferred revenue, less current portion	86,840	127,840
Total long-term liabilities	4,703,095	4,086,158
Stockholders' deficit:		
Preferred stock; \$0.01 par value; 10,000,000 shares authorized; 0 shares issued and outstanding	—	—

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Common stock; \$0.01 par value; 200,000,000 shares authorized; 36,352,277 and 33,563,428 shares issued and 36,095,064 and 33,306,215 shares outstanding at June 30, 2011 and December 31, 2010, respectively	363,523	335,635
Capital in excess of par value	32,713,926	29,852,347
Accumulated deficit	(38,128,522)	(35,637,962)
	(5,051,073)	(5,449,980)
Treasury stock at cost, 257,213 shares	(1,272,112)	(1,272,112)
Total stockholders' deficit	(6,323,185)	(6,722,092)
	\$ 2,972,862	\$ 1,970,573

The accompanying notes are an integral part of the financial statements.

Dais Analytic Corporation
Statements of Operations
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010 (restated)	2011	2010 (restated)
Revenue:				
Sales	\$ 1,103,579	\$ 989,642	\$ 1,941,773	\$ 1,376,424
License fees	20,500	20,500	41,000	41,030
	1,124,079	1,010,142	1,982,773	1,417,454
Cost of goods sold	806,674	550,196	1,507,564	871,522
Gross profit	317,405	459,946	475,209	545,932
Expenses:				
Research and development expenses, net of government grant proceeds of \$126,109, \$0, 287,473 and \$0, respectively	11,119	—	13,155	—
Selling, general and administrative	792,606	1,029,394	1,714,903	1,588,914
	803,725	1,029,394	1,728,058	1,588,914
Loss from operations	(486,320)	(569,448)	(1,252,849)	(1,042,982)
Other expense (income):				
Change in fair value of warrant liability	(1,694,170)	(1,835,094)	657,937	(327,066)
Interest expense	416,899	55,233	580,438	101,736
Interest income	(634)	—	(664)	—
	(1,277,905)	(1,779,861)	1,237,711	(225,330)
Net income (loss)	\$ 791,585	\$ 1,210,413	\$ (2,490,560)	\$ (817,652)
Net income (loss) per common share, basic	\$ 0.02	\$ 0.04	\$ (0.07)	\$ (0.03)
Net income (loss) per common share, diluted	\$ 0.02	\$ 0.03	\$ (0.07)	\$ (0.03)
Weighted average number of common shares, basic	35,089,169	29,800,194	34,335,348	29,577,797
Weighted average number of common shares, diluted	56,239,845	40,245,491	34,335,348	29,577,797

The accompanying notes are an integral part of the financial statements.

Dais Analytic Corporation

Statements of Stockholders' Deficit
(Unaudited)
For the Six Months Ended June 30, 2011

	Common Stock Shares	Common Stock Amount	Capital in Excess of Par Value	Accumulated Deficit	Treasury Stock	Total Stockholders' Deficit
Balance, December 31, 2010	33,563,428	\$ 335,635	\$ 29,852,347	\$ (35,637,962)	\$ (1,272,112)	\$ (6,722,092)
Issuance of common stock for services	121,346	1,213	41,608	—	—	42,821
Stock based compensation	—	—	630,096	—	—	630,096
Warrant issued with convertible note payable, related party	—	—	435,240	—	—	435,240
Beneficial conversion feature on convertible notes payable, related party	—	—	1,064,760	—	—	1,064,760
Issuance of common stock in exchange for settlement of debt	2,667,503	26,675	666,875	—	—	693,550
Revaluation of common stock issued to vendors for services	—	—	23,000	—	—	23,000
Net loss	—	—	—	(2,490,560)	—	(2,490,560)
Balance, June 30, 2011	36,352,277	\$ 363,523	\$ 32,713,926	\$ (38,128,522)	\$ (1,272,112)	\$ (6,323,185)

The accompanying notes are an integral part of the financial statements.

Dais Analytic Corporation

Statements of Cash Flows
(Unaudited)

For the Six Months Ended
June 30,
2011 2010
 (restated)

Operating activities

Net loss	\$ (2,490,560)	\$ (817,652)
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Adjustments to reconcile net loss to net cash used by operating activities:

Depreciation and amortization