

SYNERGETICS USA INC
Form 10-Q
December 12, 2011

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 October 31, 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 number 001-10382

SYNERGETICS USA, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

20-5715943
(I.R.S. Employer Identification No.)

3845 Corporate Centre Drive
O'Fallon, Missouri
(Address of principal executive offices)

63368
(Zip Code)

(636) 939-5100
(Registrant's Telephone Number,
Including Area Code)

Indicate by check mark whether 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. (Check one):

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Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

(Do not check if 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

The number of shares outstanding of the issuer's common stock, \$0.001 value per share, as of December 2, 2011 was 24,975,474 shares.

SYNERGETICS USA, INC.
Index to Form 10-Q

	Page
PART I Financial Information	3
Item 1. <u>Unaudited Condensed Consolidated Financial Statements</u>	3
<u>Balance Sheets as of October 31, 2011 and July 31, 2011</u>	3
<u>Statements of Income for the three months ended October 31, 2011 and 2010</u>	4
<u>Statements of Cash Flows for the three months ended October 31, 2011 and 2010</u>	5
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	5
Item 3. <u>Quantitative and Qualitative Disclosures about Market Risk</u>	26
Item 4. <u>Controls and Procedures</u>	26
PART II Other Information	
Item 1. <u>Legal Proceedings</u>	27
Item 1A. <u>Risk Factors</u>	27
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	27
Item 3. <u>Defaults Upon Senior Securities</u>	27
Item 4. <u>[Removed and Reserved]</u>	27
Item 5. <u>Other Information</u>	27
Item 6. <u>Exhibits</u>	27
<u>Trademark Acknowledgements</u>	28
<u>Signatures</u>	29

Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

Certification of Chief Executive Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002

Certification of Chief Financial Officer Pursuant to Section 906 of Sarbanes-Oxley Act of 2002

Index

Part I — Financial Information
Item 1 — Unaudited Condensed Consolidated Financial Statements
Synergetics USA, Inc. and Subsidiaries
Condensed Consolidated Balance Sheets
As of October 31, 2011 (Unaudited) and July 31, 2011
(Dollars in thousands, except share data)

	October 31, 2011	July 31, 2011
Assets		
Current Assets		
Cash and cash equivalents	\$ 13,743	\$18,399
Accounts receivable, net of allowance for doubtful accounts of \$289 and \$282, respectively	10,436	11,148
Inventories	12,298	12,082
Prepaid expenses	892	961
Deferred income taxes	824	792
Assets held for sale	406	868
Total current assets	38,599	44,250
Property and equipment, net	8,825	8,561
Intangible and other assets		
Goodwill	10,661	10,660
Other intangible assets, net	11,664	11,792
Deferred income taxes	4,717	4,915
Patents, net	1,123	1,050
Cash value of life insurance	82	82
Total assets	\$ 75,671	\$81,310
Liabilities and stockholders' equity		
Current Liabilities		
Current maturities of long-term debt	\$ 898	\$1,053
Accounts payable	1,906	1,567
Accrued expenses	2,798	3,193
Income taxes payable	351	6,233
Deferred revenue	375	540
Total current liabilities	6,328	12,586
Long-Term Liabilities		
Deferred revenue	17,827	18,060
Total long-term liabilities	17,827	18,060
Total liabilities	24,155	30,646
Commitments and contingencies (Note 9)		
Stockholders' Equity		
Common stock at October 31, 2011 and July 31, 2011, \$0.001 par value, 50,000,000 shares authorized; 24,975,474 and 24,970,884 shares issued and outstanding, respectively	25	25
Additional paid-in capital	25,708	25,598
Retained earnings	25,723	24,952
Accumulated other comprehensive income:		
Foreign currency translation adjustment	60	89
Total stockholders' equity	51,516	50,664

Total liabilities and stockholders' equity	\$ 75,671	\$81,310
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See Notes to Unaudited Condensed Consolidated Financial Statements.

Index

Synergetics USA, Inc. and Subsidiaries
 Condensed Consolidated Statements of Income
 Three Months Ended October 31, 2011, and 2010
 (Dollars in thousands, except share and per share data)

	Three Months Ended October 31, 2011	Three Months Ended October 31, 2010
Net sales	\$ 13,505	\$ 12,057
Cost of sales	5,589	5,030
Gross profit	7,916	7,027
Operating expenses		
Research and development	790	719
Sales and marketing	3,076	3,023
General and administrative	2,538	2,252
	6,404	5,994
Operating income	1,512	1,033
Other income (expenses)		
Investment income	14	32
Interest expense	(18)	(80)
Miscellaneous	(2))