

ENCISION INC
Form 10-Q
August 14, 2008
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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 June 30, 2008

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)

Colorado
(State or other jurisdiction of
incorporation or organization)

84-1162056
(I.R.S. Employer Identification No.)

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6797 Winchester Circle

Boulder, Colorado 80301

(Address of principal executive offices)

(303) 444-2600

(Registrant's telephone number)

Indicate by checkmark 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 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

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by checkmark 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 July 31, 2008)

Transitional Small Business Disclosure Format

Yes No

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For the Quarter Ended June 30, 2008

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

	June 30, 2008	March 31, 2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 46,055	\$ 70,995
Accounts receivable, net of allowance for doubtful accounts of \$12,500 at June 30, 2008 and \$15,000 at March 31, 2008	1,273,565	1,452,770
Inventories, net of reserve for obsolescence of \$50,000 at June 30, 2008 and \$65,000 at March 31, 2008	2,050,090	2,270,953
Prepaid expenses	147,904	99,025
Total current assets	3,517,614	3,893,743
Equipment, at cost:		
Furniture, fixtures and equipment	1,813,805	1,776,823
Customer-site equipment	657,717	644,946
Accumulated depreciation	(1,671,541)	(1,623,432)
Equipment, net	799,981	798,337
Patents, net of accumulated amortization of \$119,691 at June 30, 2008 and \$116,652 at March 31, 2008	199,747	199,246
Other assets	45,988	53,149
TOTAL ASSETS	\$ 4,563,330	\$ 4,944,475
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 611,051	\$ 536,755
Accrued compensation	267,214	391,889
Line of credit	432,876	
Other accrued liabilities	437,242	481,106
Total current liabilities	1,748,383	1,409,750
Long-term debt		606,000
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 and 6,447,100 shares issued and outstanding at June 30, 2008 and March 31, 2008, respectively	19,437,854	19,387,331
Accumulated (deficit)	(16,622,907)	(16,458,606)
Total shareholders' equity	2,814,947	2,928,725
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,563,330	\$ 4,944,475

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

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Three Months Ended	June 30, 2008	June 30, 2007
NET SALES	\$ 3,093,966	\$ 2,659,271
COST OF SALES	1,229,546	1,030,952
GROSS PROFIT	1,864,420	1,628,319
OPERATING EXPENSES:		
Sales and marketing	1,374,152	1,213,857
General and administrative	366,909	372,438
Research and development	288,754	330,171
Total operating expenses	2,029,815	1,916,466
OPERATING LOSS	(165,395)	(288,147)
Interest expense, net	(18,672)	(4,861)
Other income (expense), net	19,766	(2,351)
Interest and other income (expense), net	1,094	(7,212)
LOSS BEFORE PROVISION FOR INCOME TAXES	(164,301)	(295,359)
Provision for income taxes		
NET LOSS	\$ (164,301)	\$ (295,359)
Net loss per share basic and diluted	\$ (0.03)	\$ (0.05)
Weighted average shares basic and diluted	6,449,774	