

CRDENTIA CORP
Form 10-Q
May 15, 2008

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 March 31, 2008

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-31152

CRDENTIA CORP.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

76-0585701
(IRS Employer Identification No.)

5001 LBJ Freeway, Suite 850, Dallas, Texas 75244

(Address of principal executive offices)

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(972) 850-0780

(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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. At May 12, 2008, 50,673,796 shares of common stock, \$.0001 par value, were outstanding.

PART I FINANCIAL INFORMATION

Item 1. Financial Statements

Crdentia Corp.

Unaudited Condensed Consolidated Balance Sheets

	March 31, 2008	December 31, 2007
Current assets:		
Cash and cash equivalents	\$ 459,246	\$ 94,470
Accounts receivable, net of allowance for doubtful accounts of \$995,000 and \$961,160, respectively	6,849,483	6,081,131
Other current assets	1,668,977	1,748,315
Total current assets	8,977,706	7,923,916
Property and equipment, net	465,079	344,212
Goodwill	15,063,047	15,063,047
Intangible assets, net	1,166,594	1,272,164
Other assets	692,045	243,969
Total assets	\$ 26,364,471	\$ 24,847,308
Current liabilities:		
Revolving lines of credit	\$ 4,849,818	\$ 4,355,338
Accounts payable and accrued expenses	4,078,912	3,627,305
Accrued employee compensation and benefits	994,479	880,718
Current portion of notes payable including amounts due to significant stockholders of \$925,282 at March 31, 2008 and \$935,425 at December 31, 2008	1,234,373	1,534,333
Notes payable to lender		2,075,000
Debentures, net of discount of \$115,312 at March 31, 2008	409,688	
Other current liabilities	948,971	725,053
Total current liabilities	12,516,241	13,197,747
Debentures, net of discount of \$153,750 at December 31, 2007		371,250
Long-term bonus payable, net of current portion		495,864
Long-term notes payable, net of discount of \$973,864 at March 31, 2008	4,401,803	375,667
Other long-term liabilities	95,943	
Total liabilities	17,013,987	14,440,528
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, 10,000,000 shares authorized no shares issued and outstanding		
Common stock, par value \$0.0001, 150,000,000 shares authorized at March 31, 2008 and December 31, 2007; 49,973,795 shares issued and outstanding at March 31, 2008 and 49,860,327 shares issued and outstanding at December 31, 2007	4,997	4,986
Additional paid-in capital	146,481,562	145,235,911
Accumulated deficit	(137,136,075)	(134,834,117)
Total stockholders' equity	9,350,484	10,406,780

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Total liabilities and stockholders' equity	\$	26,364,471	\$	24,847,308
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The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

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Crdentia Corp.

Unaudited Condensed Consolidated Statements of Operations

	Three Months Ended March 31,	
	2008	2007
Revenue from services	\$ 10,579,387	\$ 8,097,329
Direct operating expenses	8,268,533	6,385,179
Gross profit	2,310,854	1,712,150
Selling, general, and administrative expenses	3,848,356	6,291,043
Loss from continuing operations before interest and taxes	(1,537,502)	(4,578,893)
Interest expense, net	(764,456)	(2,106,786)