

PRO DEX INC  
Form 10QSB/A  
February 18, 2004

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-QSB/A**

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

**For the quarterly period ended December 31, 2003**

**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 0-14942**

**PRO-DEX, INC.**

**(Exact name of small business issuer as specified in its charter)**

**Colorado**  
**(State or Other Jurisdiction of  
Incorporation or Organization)**

**84-1261240**  
**(IRS Employer Identification No.)**

**151 E. Columbine Avenue, Santa Ana, California 92707**  
**(Address of Principal Executive Offices)**

**Issuer's telephone number: 714 241 4411**

Indicate by check mark whether the Registrant (1) has filed all reports required by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve 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 ninety days. Yes  No

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock outstanding as of the latest practicable date: 8,776,600 shares of Common Stock, no par value, as of January 31, 2004.

Transitional Small Business Disclosure Format: Yes  No



## Item 1. Financial Statements

**PRO-DEX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

	<i>December 31, 2003</i>	<i>June 30, 2003</i>
	<i>(unaudited)</i>	<i>(audited)</i>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 532,000	\$ 795,000
Accounts receivable, net of allowance for doubtful accounts of \$45,000 and \$30,000	2,170,000	1,620,000
Inventories, net	2,925,000	2,835,000
Prepaid expenses	202,000	81,000
Deferred taxes	750,000	770,000
Total current assets	6,579,000	6,101,000
Equipment and leasehold improvements, net	995,000	1,040,000
Other assets:		
Goodwill	1,110,000	1,110,000
Deferred taxes	833,000	833,000
Other	11,000	20,000
Total other assets	1,954,000	1,963,000
Total assets	\$ 9,528,000	\$ 9,104,000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Current portion of long term debt to shareholder	\$ 83,000	\$ 65,000
Credit line payable	250,000	432,000
Accounts payable	337,000	642,000
Accrued expenses	524,000	349,000
Income taxes payable	311,000	29,000
Total current liabilities	1,506,000	1,517,000
Long-term debt to a shareholder, net of current portion	111,000	145,000
Total liabilities	1,616,000	1,662,000
Commitments and contingencies		
Shareholders' equity:		
Series A convertible preferred shares; no par value; liquidation preference of \$3.60 per share; 10,000,000 shares authorized; 78,129 shares issued and outstanding	283,000	283,000
Common shares; no par value; 50,000,000 shares authorized; 8,776,600 and 8,711,600 shares issued and outstanding, respectively	15,033,000	14,999,000
Accumulated deficit	(7,366,000)	(7,789,000)
	7,950,000	7,493,000

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Receivable for stock purchase	(38,000)	(51,000)
Total shareholders' equity	7,912,000	7,442,000
Total liabilities and shareholders' equity	\$ 9,528,000	\$ 9,104,000

*See notes to consolidated financial statements.*

**PRO-DEX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)

	<i>Three Months Ended December 31,</i>	
	<i>2003</i>	<i>2002</i>
Net sales	\$ 3,704,000	\$ 2,882,000
Cost of sales	1,997,000	1,624,000
Gross profit	1,707,000	1,258,000
Operating expenses:		
Selling	193,000	164,000
General and administrative expenses	682,000	714,000
Research and development costs	439,000	388,000
Total operating expenses	1,314,000	1,266,000
Income (loss) from operations	393,000	(8,000)
Other income (expense):		
Other income, net	6,000	(10,000)
Interest (expense)	(16,000)	(31,000)
Total	(10,000)	(41,000)
Income (loss) before provision for income taxes (credits)	383,000	(49,000)
Provision (credit) for income taxes	153,000	(20,000)
Net Income (loss)	230,000	(29,000)
Net Income (loss) per share:		
Basic	\$ 0.03	\$ (0.00)
Diluted	\$ 0.02	\$ (0.00)
Weighted average shares outstanding - basic	8,776,600	8,745,700
Weighted average shares outstanding - diluted	9,307,000	8,745,700

*See notes to consolidated financial statements.*

**PRO-DEX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(Unaudited)**

	<i>Six Months Ended December 31,</i>	
	<i>2003</i>	<i>2002</i>
Net sales	\$ 7,232,000	\$ 5,599,000
Cost of sales	3,985,000	3,191,000
Gross profit	3,247,000	2,408,000
Operating expenses:		
Selling	399,000	311,000
General and administrative expenses	1,295,000	1,302,000
Research and development costs	826,000	773,000
Amortization	---	32,000
Total operating expenses	2,520,000	2,418,000
Income (loss) from operations	727,000	(10,000)
Other income (expense):		
Other income (expense), net	12,000	(4,000)
Interest (expense)	(35,000)	(44,000)
Total	(23,000)	(48,000)
Income (loss) before provision for income taxes (credits)	704,000	(58,000)
Provision (credit) for income taxes	282,000	(23,000)
Net Income (loss)	422,000	(35,000)
Net Income (loss) per share:		
Basic	\$ 0.05	\$ (0.00)
Diluted	\$ 0.05	\$ (0.00)
Weighted average shares outstanding - basic	8,771,300	8,766,400
Weighted average shares outstanding - diluted	9,266,300	8,766,400

*See notes to consolidated financial statements.*

**PRO-DEX, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	<i>Six Months Ended December 31,</i>	
	<i>2003</i>	<i>2002</i>
<b>Cash Flows from Operating Activities:</b>		
Net Income (loss)	\$ 422,000	\$ (35,000)
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Depreciation and amortization	193,000	202,000
Provision for doubtful accounts	15,000	6,000
Reserve for obsolete inventory	(136,000)	(51,000)
Non-cash compensation	13,000	13,000
Deferred taxes	20,000	--
Changes in:		
(Increase) in accounts receivable	(565,000)	(64,000)
Decrease in inventories	45,000	399,000
(Increase) in prepaid expenses	(88,000)	(22,000)
(Increase) decrease in other assets	9,000	(2,000)
(Decrease) in accounts payable and accrued expense	(153,000)	(766,000)
(Decrease) increase in income taxes payable	282,000	(23,000)
<b>Net Cash (used in) Operating Activities</b>	<b>57,000</b>	<b>(343,000)</b>

Cash Flows From Investing Activities:
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