

SYNERGETICS USA INC  
Form 10-Q  
March 12, 2013

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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 January 31, 2013

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):

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company

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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

The number of shares outstanding of the issuer's common stock, \$0.001 value per share, as of March 5, 2013 was 25,298,681 shares.

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Part I — Financial Information  
Item 1 — Unaudited Condensed Consolidated Financial Statements

Synergetics USA, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets  
As of January 31, 2013 (Unaudited) and July 31, 2012  
(Dollars in thousands, except share data)

	January 31, 2013	July 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	\$ 11,684	\$ 12,680
Accounts receivable, net of allowance for doubtful accounts of \$358 and \$319, respectively	11,203	11,796
Inventories	15,180	15,679
Income taxes refundable	1,161	--
Prepaid expenses	1,157	825
Deferred income taxes	1,909	1,247
Total current assets	42,294	42,227
Property and equipment, net	8,998	9,239
Intangible and other assets		
Goodwill	10,660	10,660
Other intangible assets, net	11,020	11,277
Deferred income taxes	3,852	4,088
Patents, net	1,234	1,179
Cash value of life insurance	93	93
Total assets	\$ 78,151	\$ 78,763
Liabilities and stockholders' equity		
Current Liabilities		
Accounts payable	\$ 1,901	\$ 2,144
Accrued expenses	2,471	2,844
Income taxes payable	--	191
Deferred revenue	1,288	1,288
Total current liabilities	5,660	6,467
Long-Term Liabilities		
Deferred revenue	15,174	15,818
Total long-term liabilities	15,174	15,818
Total liabilities	20,834	22,285
Commitments and contingencies (Note 8)		
Stockholders' Equity		
Common stock at January 31, 2013 and July 31, 2012, \$0.001 par value, 50,000,000 shares authorized; 25,298,681 and 25,160,069 shares issued and outstanding, respectively	25	25
Additional paid-in capital	27,037	26,421
Retained earnings	30,507	30,538
Accumulated other comprehensive (loss):		
Foreign currency translation adjustment	(252 )	(506 )
Total stockholders' equity	57,317	56,478

Total liabilities and stockholders' equity	\$ 78,151	\$ 78,763
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See Notes to Unaudited Condensed Consolidated Financial Statements.

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Synergetics USA, Inc. and Subsidiaries  
Condensed Consolidated Statements of Operations and Comprehensive Income  
Three Months and Six Months Ended January 31, 2013 and 2012  
(Dollars in thousands, except share and per share data)

	Three Months Ended January 31, 2013	Three Months Ended January 31, 2012	Six Months Ended January 31, 2013	Six Months Ended January 31, 2012
Net sales	\$ 14,055	\$ 15,080	\$ 28,675	\$ 28,585
Cost of sales	8,884	6,108	15,031	11,696
Gross profit	5,171	8,972	13,644	16,889
Operating expenses				
Research and development	827	923	1,688	1,713
Sales and marketing	3,580	2,906	6,843	5,983
General and administrative	2,872	2,525		