

InfuSystem Holdings, Inc
Form 10-Q
August 05, 2008

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

.. **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: 000-51902

INFUSYSTEM HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

20-3341405

Edgar Filing: InfuSystem Holdings, Inc - Form 10-Q

(State or Other Jurisdiction of

(I.R.S. Employer

Incorporation or Organization)

Identification No.)

1551 East Lincoln Avenue, Suite 200

Madison Heights, Michigan 48071

(Address of Principal Executive Offices including zip code)

(248) 546-7047

(Registrant's Telephone Number, Include 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 during the past 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 Securities Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-Accelerated Filer (Do not check if smaller reporting company)

Smaller reporting company

Indicated by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act). Yes No

As of August 1, 2008, 17,081,386 shares of the registrant's common stock, par value \$0.0001 per share, were outstanding.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARY

Index to Form 10-Q

	PAGE
PART I <u>FINANCIAL INFORMATION</u>	1
Item 1. <u>Financial Statements (Unaudited)</u>	1
<u>Consolidated Balance Sheets as of June 30, 2008 and December 31, 2007</u>	1
<u>Consolidated Statements of Operations for the three and six months ended June 30, 2008 and 2007 (including predecessor for the three and six months ended June 30, 2007)</u>	2
<u>Consolidated Statements of Cash Flows for the six months ended June 30, 2008 and 2007 (including predecessor for the six months ended June 30, 2007)</u>	3
<u>Notes to Consolidated Financial Statements</u>	4
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	20
Item 4. <u>Controls and Procedures</u>	21
Part II <u>OTHER INFORMATION</u>	22
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	22
Item 6. <u>Exhibits</u>	22
<u>SIGNATURES</u>	23

PART I-FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS AS OF JUNE 30, 2008 AND DECEMBER 31, 2007

<i>(in thousands, except share data)</i>	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
Current Assets:		
Cash and cash equivalents	8,373	3,960
Accounts receivable, less allowance for doubtful accounts of \$1,996 and \$1,638 at June 30, 2008 and December 31, 2007, respectively; June 30, 2008 and December 31, 2007 include \$48 and \$103 due from I-Flow, respectively	4,425	6,304
Inventory supplies	320	364
Prepaid expenses and other current assets	477	1,263
Deferred income taxes	4	4
Total Current Assets	13,599	11,895
Property & equipment, net	11,945	13,504
Deferred debt issuance costs, net	1,580	1,918
Goodwill	56,580	56,544
Intangible assets, net	31,651	32,565
Total Assets	115,355	116,426
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Accounts payable	1,058	1,076
Other current liabilities	791	1,886
Derivative liabilities	9,123	12,407
Current portion of long-term debt; June 30, 2008 and December 31, 2007 include \$2,862 and \$2,044 payable to I-Flow, respectively	2,938	2,044
Total Current Liabilities	13,910	17,413
Long-term debt, net of current portion; June 30, 2008 and December 31, 2007 include \$28,615 and \$30,250 payable to I-Flow, respectively	28,999	30,250
Deferred income taxes	4	4
Total Liabilities	42,913	47,667
Stockholders Equity		
Preferred stock, \$.0001 par value; authorized 1,000,000 shares; none issued		
Common stock, \$.0001 par value; authorized 200,000,000 shares; issued 18,315,430 and 18,315,430, respectively; outstanding 17,081,386 and 16,824,295, respectively	2	2
Additional paid-in capital	80,124	79,437
Retained deficit	(7,684)	(10,680)
Total Stockholders Equity	72,442	68,759
Total Liabilities and Stockholders Equity	115,355	116,426

Edgar Filing: InfuSystem Holdings, Inc - Form 10-Q

See Notes to Consolidated Financial Statements.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2008

AND 2007 (INCLUDING PREDECESSOR FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2007)

<i>(in thousands, except per share data)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2008	2007	I-Flow Predecessor 2007	2008	2007	I-Flow Predecessor 2007
Net revenues	\$ 8,835	\$	\$ 7,832	\$ 17,365	\$	\$ 15,706
Operating expenses:						
Cost of Revenues Product and supply costs	1,377		1,256	2,842		2,587
Cost of Revenues Pump depreciation	967		292	1,930		1,275
Provision for doubtful accounts	914		966	1,775		2,659
Amortization of intangibles	457			914		
Selling and marketing	1,193		986	2,270		1,994
General and administrative	2,848	1,122	1,762	6,034	2,303	3,608
Total Operating Expenses	7,756	1,122	5,262	15,765	2,303	12,123
Other income (expense):						
(Loss) Gain on derivatives	(1,947)	(2,025)		3,284		
Interest income		1,173		3	2,324	
Interest expense	(933)	(15)	267	(1,891)	(15)	237
Total other income (expense)	(2,880)	(867)	267	1,396	2,309	237
(Loss) income before income taxes	(1,801)	(1,989)	2,837	2,996	6	3,820
Income tax expense		(209)	(1,130)		(429)	(1,524)
Net (loss) income	(1,801)	(2,198)	1,707	2,996	(423)	2,296
Net (loss) income per share:						
Basic	(0.10)	(0.12)	N/A	0.17	(0.02)	N/A
Diluted	(0.10)	(0.12)	N/A	0.16	(0.02)	N/A
Weighted average shares outstanding:						
Basic	17,996,437	18,625,252	N/A	17,410,366	18,625,252	N/A
Diluted	17,996,437	18,625,252	N/A	18,442,363	18,625,252	N/A

See Notes to Consolidated Financial Statements.

INFUSYSTEM HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2008 AND 2007 (INCLUDING PREDECESSOR FOR THE SIX MONTHS ENDED JUNE 30, 2007)

<i>(in thousands)</i>	Six Months Ended June 30,		
	2008	2007	I-Flow Predecessor 2007
OPERATING ACTIVITIES			
Net Income (Loss)	2,996	(423)	2,296
Items included in net income not requiring cash:			
Gain on derivatives	(3,284)		
Provision for doubtful accounts	1,775		2,659
Depreciation	2,016		1,361
Amortization of intangible assets	914		
Amortization of deferred debt issuance costs	338		
Loss on disposal of assets	302		163
Interest Income on Investments Held in Trust		(2,318)	
Withdrawal of interest earned on investments held in trust		208	
Stock-based compensation	687	1,226	146
Deferred Income Taxes			(501)
Changes in current assets and liabilities:			
Decrease (increase) in accounts receivable	104		(606)
Decrease (increase) in prepaid expenses and other current assets	830	364	(7)
(Decrease) increase in accounts payable and other current liabilities	(747)	462	(1,066)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	5,931	(481)	4,445
INVESTING ACTIVITIES			
Payment of deferred acquisition costs	(105)	(160)	
Capital expenditures	(575)		(1,472)
Proceeds from sale of property			228
NET CASH USED IN INVESTING ACTIVITIES	(680)	(160)	(1,244)

&nbsp;