

SIELOX INC
Form 10-Q
August 14, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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

**[] 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 000-29423

SIELOX, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3351937
(I.R.S. Employer Identification No.)

170 East Ninth Ave., Runnemede, NJ 08078

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(Address of principal executive offices - zip code)

(856) 861-4579

(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 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's common stock as of August 14, 2008 was 35,982,295.

SIELOX, INC. AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTS**SIELOX, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS**

(\$ in thousands)

	June 30, 2008 (unaudited)	December 31, 2007 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 716	\$ 1,422
Short-term Investments	405	889
Accounts receivable, net of allowance for doubtful accounts of \$40 and \$25 in 2008 and 2007, respectively	4,290	3,920
Inventory, net of reserve for obsolescence of \$201 and \$194 in 2008 and 2007, respectively	5,694	7,005
Prepaid expenses	401	484
 Total current assets	 11,506	 13,720
 Fixed assets, net	 292	 354
Goodwill	1,229	1,229
Trade Name - Costar	1,587	1,587
Trademark Sielox, LLC	300	300
Distribution agreement, net	1,321	1,358
Customer relationships, net	1,066	1,198
Proprietary technology, net	443	474
Long-term prepaid expenses	361	347
Deposits	66	67
 Total assets	 \$ 18,171	 \$ 20,634
 LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 2,401	\$ 3,664

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Accrued expenses and other	363	527
Contingent purchase price, current portion	700	700
Line of credit	1,808	1,761
Total current liabilities	5,272	6,652
Long term liability, contingent purchase price	349	983
Total liabilities	5,621	7,635
Commitments and Contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value; 90,000,000 shares authorized; 42,016,924 shares issued and outstanding.	42	42
Additional paid-in capital	155,788	155,774
Accumulated other comprehensive income	260	260
Accumulated deficit	(139,070)	(138,607)
	17,020	17,469
Less: Common stock held in treasury, at cost; 6,116,241 shares at June 30, 2008 and December 31, 2007	(4,470)	(4,470)
Total stockholders' equity	12,550	12,999
Total liabilities and stockholders' equity	\$ 18,171	\$ 20,634

See accompanying notes to condensed consolidated financial statements.

SIELOX, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(\$ in thousands, unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2008	2007	2008	2007
Net revenues	\$ 7,311	\$ 3,975	\$ 13,895	\$ 8,183
Cost of revenues	5,126	3,122	9,917	6,450
Gross profit	2,185	853	3,978	1,733
Selling, general and administrative expenses	2,173	1,053	4,403	1,987
Income / (Loss) from Operations	12	(200)	(425)	(254)
Other Income (expense)				
Interest income	9	47	25	82
Interest expense	(31)	(19)	(63)	(31)
Total other income (expense), net	(22)	28	(38)	51
Net Income / (Loss)	\$ (10)	\$ (172)	\$ (463)	\$ (203)
Net loss per share:				
Basic	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)
Diluted	\$ -	\$ (0.01)	\$ (0.01)	\$ (0.01)
Weighted average number of common shares outstanding:				
Basic and diluted	35,982	23,692	35,982	23,692

See accompanying notes to condensed consolidated financial statements.

SIELOX, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(\$ in thousands, unaudited)

	Six Months Ended June 30	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (463)	\$ (203)
Adjustments to reconcile net loss to net cash used in operating activities		
Stock based compensation	14	
Depreciation and amortization	287	192
Provision for doubtful accounts	14	(1)
Change in cash attributable to changes in operating assets and liabilities		
Accounts receivable, net	(384)	