

HESKA CORP
Form 10-Q
May 11, 2012

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

x

For the quarterly period ended March 31, 2012

OR

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

o

For the transition period from _____ to _____

Commission file number: 000-22427

HESKA CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

77-0192527
(I.R.S. Employer Identification Number)

3760 Rocky Mountain Avenue
Loveland, Colorado
(Address of principal executive offices)

80538
(Zip Code)

Registrant's telephone number, including area code: (970) 493-7272

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 x No o

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 x No o

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company as defined in Rule 12b-2 of the Exchange Act. 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 (Do not check if a small 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

The number of shares of the Registrant's NOL Restricted Common Stock outstanding at May 10, 2012 was 5,319,486.

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HESKA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands except shares and per share amounts)
(unaudited)

	ASSETS	March 31,
	December 31,	2012
	2011	
Current assets:		
Cash and cash equivalents	\$ 6,332	\$ 6,008
Accounts receivable, net of allowance for doubtful accounts of \$174 and \$138 respectively	7,938	9,666
Inventories, net	12,401	12,764
Deferred tax asset, current	1,170	1,009
Other current assets	1,050	1,225
Total current assets	28,891	30,672
Property and equipment, net	4,869	5,080
Goodwill	1,000	1,041
Deferred tax asset, net of current portion	27,134	27,151
Total assets	\$ 61,894	\$ 63,944
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,999	\$ 5,164
Accrued liabilities	3,388	3,364
Dividends payable	—	532
Current portion of deferred revenue	1,902	1,962
Total current liabilities	9,289	11,022
Deferred revenue, net of current portion, and other	4,166	3,984
Total liabilities	13,455	15,006
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value, 2,500,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.01 par value, 7,500,000 shares authorized; none issued or outstanding	—	—
Public common stock, \$.01 par value, 7,500,000 shares authorized; 5,250,328 and 5,316,220 shares issued and outstanding, respectively	52	53
Additional paid-in capital	217,778	218,116
Accumulated other comprehensive income	242	350
Accumulated deficit	(169,633)	(169,581)
Total stockholders' equity	48,439	48,938
Total liabilities and stockholders' equity	\$ 61,894	\$ 63,944

See accompanying notes to condensed consolidated financial statements.

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HESKA CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share amounts)
(unaudited)

	Three Months Ended March 31,	
	2011	2012
Revenue, net:		
Core companion animal health	\$ 16,441	\$ 16,580
Other vaccines, pharmaceuticals and products	3,064	2,595
Total revenue, net	19,505	19,175
Cost of revenue	11,207	10,252
Gross profit	8,298	8,923
Operating expenses:		
Selling and marketing	3,960	4,888
Research and development	331	334
General and administrative	2,467	2,619
Total operating expenses	6,758	7,841
Operating income	1,540	1,082
Interest and other expense, net	23	142
Income before income taxes	1,517	940
Income tax expense:		
Current tax expense	74	48
Deferred tax expense	527	308
Total income tax expense		