

PRO DEX INC  
Form 10-Q  
April 29, 2010

**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.**

**For the quarterly period ended March 31, 2010**

**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**

UNITED STATES

**PRO-DEX, INC.**

**(Exact name of Registrant as specified in its charter)**

**Colorado**

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

**84-1261240**

**(IRS Employer Identification No.)**

**2361 McGaw Avenue, Irvine, California 92614**

**(Address of Principal Executive Offices)**

**Registrant's telephone number: 949-769-3200**

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 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 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 under Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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

Yes  No

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock as of the latest practicable date: 9,753,671 shares of Common Stock, no par value, as of April 28, 2010.



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**Item 1. Financial Statements****PRO-DEX, INC. and SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**

	<i>3/31/2010</i>	<i>6/30/2009</i>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 3,352,000	\$ 1,124,000
Accounts receivable, net of allowance for doubtful accounts of \$51,000 at 03/31/2010 and \$52,000 at 6/30/09	2,776,000	2,515,000
Other Current Receivables	-	16,000
Inventories	2,856,000	3,365,000
Prepaid expenses	232,000	117,000
Prepaid income taxes	-	118,000
Total current assets	9,216,000	7,255,000
Property, plant, equipment and leasehold improvements, net	5,551,000	5,981,000
Other assets:		
Goodwill	2,997,000	2,997,000
Intangibles - Patents, net	-	147,000
Other	87,000	87,000
Total other assets	3,084,000	3,231,000
Total assets	\$ 17,851,000	\$ 16,467,000
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 829,000	\$ 827,000
Accrued expenses	2,069,000	1,394,000
Income taxes payable	-	53,000
Current Portion of T.I. Loan	400,000	400,000
Current portion of real estate loan	34,000	33,000
Total current liabilities	3,332,000	2,707,000
Long-term liabilities:		
Notes Payable - T.I. Loan	1,067,000	1,367,000
Real estate loan	1,502,000	1,528,000
Deferred income taxes	188,000	171,000
Deferred rent	247,000	212,000
Total long-term liabilities	3,004,000	3,278,000

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Total liabilities	6,336,000	5,985,000
Commitments and contingencies		
Shareholders' equity:		
Common shares; no par value; 50,000,000 shares authorized; 9,680,149 shares issued and outstanding Mar 31, 2010		
9,668,671 shares issued and outstanding June 30, 2009	16,670,000	16,574,000
Accumulated deficit	(5,155,000)	(6,092,000)
 Total shareholders' equity	 11,515,000	 10,482,000
 Total liabilities and shareholders' equity	 \$ 17,851,000	 \$ 16,467,000

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**PRO-DEX, INC. and SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**Three months ended March 31 (unaudited)**

	<i>2010</i>	<i>2009</i>
Net sales	\$ 6,161,000	\$ 4,608,000
Cost of sales	3,869,000	3,497,000
Gross profit	2,292,000	1,111,000
Operating expenses:		
Selling expense	383,000	315,000
General and administrative expenses	886,000	781,000
Impairment of intangible asset	-	997,000
Research and development costs	614,000	686,000
Total operating expenses	1,883,000	2,779,000
Income (Loss) from operations	409,000	(1,668,000)
Other income (expense):		
Royalty income	40,000	-
Interest expense	(50,000)	(56,000)
Total	(10,000)	(56,000)
Income (Loss) before provision (benefit) for income taxes		