

Optex Systems Holdings Inc
Form 10-Q
August 08, 2014

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 29, 2014

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

For the transition period from _____ to _____.

OPTEX SYSTEMS HOLDINGS, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware

(State or other jurisdiction of incorporation)

000-54114

(Commission File
Number)

90-0609531

(IRS Employer Identification No.)

1420 Presidential Drive, Richardson, TX 75081-2439

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (972) 764-5700

Edgar Filing: Optex Systems Holdings Inc - Form 10-Q

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the issuer 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 filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, 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 shell company as defined in Rule 12b-2 of the Exchange Act.

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of August 8, 2014:
170,913,943 shares of common stock.

OPTEX SYSTEMS HOLDINGS, INC.

FORM 10-Q

For the period ended June 29, 2014

INDEX

<u>PART I— FINANCIAL INFORMATION</u>	2
<u>Item 1. Financial Statements</u>	2
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	3
<u>Item 4. Control and Procedures</u>	8
<u>PART II— OTHER INFORMATION</u>	9
<u>Item 1. Legal Proceedings</u>	9
<u>Item 1A Risk Factors</u>	9
<u>Item 4. Mine Safety Disclosures</u>	9
<u>Item 6. Exhibits</u>	9
<u>SIGNATURE</u>	9

Part 1. Financial Information

Item 1. Financial Statements

OPTEX SYSTEMS HOLDINGS, INC.

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF JUNE 29, 2014

BALANCE SHEETS AS OF JUNE 29, 2014 (UNAUDITED) AND SEPTEMBER 29, 2013 F-1

STATEMENTS OF OPERATIONS FOR THE THREE AND NINE MONTHS ENDED JUNE 29, 2014 (UNAUDITED) AND THE THREE AND NINE MONTHS ENDED JUNE 30, 2013 (UNAUDITED) F-2

STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED JUNE 29, 2014 (UNAUDITED) AND FOR THE NINE MONTHS ENDED JUNE 30, 2013 (UNAUDITED) F-3

FINANCIAL STATEMENT FOOTNOTES (UNAUDITED) F-4

Table of Contents**Optex Systems Holdings, Inc.****Condensed Consolidated Balance Sheets****(Unaudited)**

	(Thousands, except share data)	
	June 29, 2014 (Unaudited)	September 29, 2013
ASSETS		
Current Assets		
Cash	\$ 909	\$ 882
Accounts Receivable	948	3,118
Net Inventory	6,939	7,579
Prepaid Expenses	42	36
Total Current Assets	8,838	11,615
Property and Equipment		
Property Plant and Equipment	1,738	1,704
Accumulated Depreciation	(1,518)	(1,460)
Total Property and Equipment	220	244
Other Assets		
Deferred Tax Asset - Long Term	1,154	1,077
Prepaid Royalties - Long Term	158	180
Security Deposits	27	21
Total Other Assets	1,339	1,278
Total Assets	\$ 10,397	\$ 13,137
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	\$ 282	\$ 989
Accrued Expenses	488	706
Accrued Warranties	25	25
Customer Advance Deposits - Short Term	991	769
Credit Facility	-	858
Total Current Liabilities	1,786	3,347
Other Liabilities		

Edgar Filing: Optex Systems Holdings Inc - Form 10-Q

Customer Advance Deposits - Long Term	1,234	1,935
Total Other Liabilities	1,234	1,935
Total Liabilities	3,020	5,282
Stockholders' Equity		
Optex Systems Holdings, Inc. Preferred Stock (\$0.001 par 5,000 authorized, 1,001 and 1,016 series A preferred shares issued and outstanding, respectively)	-	-
Optex Systems Holdings, Inc. – (par \$0.001, 2,000,000,000 authorized, 170,913,943 and 157,346,607 shares issued and outstanding, respectively)	171	157
Additional Paid-in-capital	17,984	17,922
Retained Earnings (Deficit)	(10,778)	(10,224)
Total Stockholders' Equity	7,377	7,855
Total Liabilities and Stockholders' Equity	\$ 10,397	\$ 13,137

The accompanying notes are an integral part of these financial statements.

Table of Contents**Optex Systems Holdings, Inc.****Condensed Consolidated Statements of Operations****(Unaudited)**

	(Thousands, except common share data)			
	Three months ended		Nine months ended	
	June 29, 2014	June 30, 2013	June 29, 2014	June 30, 2013
Revenues	\$1,858	\$4,358	\$7,394	\$11,978
Total Cost of Sales	1,615	3,688	6,170	9,955
Gross Margin	\$243	\$670	\$1,224	\$2,023
General and Administrative	648	766	1,853	2,208
Operating Loss	\$(405)	) \$(96)	) \$(629)	) \$(185)
Other Expenses				
Interest Expense - Net	(6)	) 22	2	28
Total Other	\$(6)	) \$22	\$2	\$28
Loss Before Taxes	\$(399)	) \$(118)	) \$(631)	) \$(213)
Deferred Income Taxes (Benefit)	-	(39)	(77)	(68)
Net Loss After Taxes	\$(399)	) \$(79)	) \$(554)	) \$(145)
Net Loss Applicable to Common Shareholders	\$(399)	) \$(79)	) \$(554)	) \$(145)
Basic and Diluted Loss per Share	\$(0.002)	) \$(0.001)	) \$(0.003)	) \$(0.001)
Weighted Average Common Shares Outstanding	170,913,943	157,346,607	162,949,533	154,216,977

The accompanying notes are an integral part of these financial statements.

Table of Contents

**Optex Systems Holdings, Inc.
Condensed Consolidated Statements of Cash Flows**

(Unaudited)

	(Thousands)	
	Nine months ended	
	June 29, 2014	June 30, 2013
Cash flows from operating activities:		
Net loss	\$ (554)	\$ (145)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	58	52
Provision for allowance for inventory valuation	88	-