

EMTEC INC/NJ  
Form 10-Q  
January 14, 2013

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

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FORM 10-Q  
(Mark One)

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

For the quarterly period ended November 30, 2012

or

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

Commission file number: 0-32789

EMTEC, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State of incorporation or organization)

87-0273300  
(I.R.S. Employer Identification No.)

11 Diamond Road  
Springfield, New Jersey 07081  
(Address of principal executive offices, including zip code)

(973) 376-4242  
(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 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 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

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

As of January 12, 2013, there were outstanding 18,164,437 shares of the registrant's common stock.

The accompanying notes are integral parts of these consolidated financial statements.

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EMTEC, INC.  
FORM 10-Q FOR THE QUARTER ENDED NOVEMBER 30, 2012

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## PART I – FINANCIAL INFORMATION

## Item 1. Financial Statements

EMTEC, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(In Thousands, Except per Share and Share Data)

	November 30, 2012 (Unaudited)	August 31, 2012
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$1,063	\$1,769
Receivables:		
Trade, net of allowance for doubtful accounts	30,562	24,381
Other	522	1,356
Inventories, net	2,488	2,346
Prepaid expenses and other	3,397	3,004
Deferred tax asset - current	1,298	1,032
<b>Total current assets</b>	<b>39,330</b>	<b>33,888</b>
Property and equipment, net	3,349	3,538
Intangible assets, net	9,825	10,457
Goodwill	13,307	13,307
Deferred tax asset-long term	836	743
Other assets	1,750	1,771
<b>Total assets</b>	<b>\$68,397</b>	<b>\$63,704</b>
<b>Liabilities, Put Options and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Line of credit	\$14,048	\$12,004
Current portion of capital lease obligations	196	85
Accounts payable	18,383	16,314
Income taxes payable	766	144
Accrued liabilities	9,230	9,061
Current portion earn-out liabilities	3,150	2,251
Put option liability in connection with acquisition	700	700
Deferred revenue	1,612	1,610
<b>Total current liabilities</b>	<b>48,085</b>	<b>42,169</b>

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Deferred tax liability	141	589
Earn-out liabilities, net of current portion	2,573	2,570
Warrant liabilities	2,426	2,414
Put option and restricted stock liability in connection with acquisition of Dinero	246	229
Capital lease obligations, net of current portion	29	189
Subordinated debt, net of original issue discount	12,583	12,555
Accrued liabilities	163	163
<b>Total liabilities</b>	<b>66,246</b>	<b>60,878</b>
Commitments and contingencies (Note 13)		
Put options in connection with acquisitions	1,428	1,428
Stockholders' Equity		
Common stock \$0.01 par value; 30,000,000 shares authorized; 17,616,437 shares issued and outstanding at November 30, 2012 and August 31, 2012.	177	177
Additional paid-in capital	16,993	16,915
Accumulated deficit	(16,261 )	(15,516 )
Accumulated other comprehensive loss, foreign currency translation adjustments, net of tax	(186 )	(179 )
<b>Total stockholders' equity</b>	<b>723</b>	<b>1,397</b>
<b>Total liabilities, put options and stockholders' equity</b>	<b>\$68,397</b>	<b>\$63,704</b>

The Accompanying Notes are Integral Parts of these Consolidated Financial Statements.

EMTEC, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)  
(In Thousands, Except per Share and Share Data)