

SECURITIES AND EXCHANGE COMMISSION

FORM 10QSB

Optional form for quarterly and transition reports of small business issuers under section 13 or 15(d)

Filing Date: **1995-06-13** | Period of Report: **1995-04-30**
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FILER

NON INVASIVE MONITORING SYSTEMS INC /FL/

CIK: **720762** | IRS No.: **592007840** | State of Incorporation: **FL** | Fiscal Year End: **0731**
Type: **10QSB** | Act: **34** | File No.: **000-13176** | Film No.: **95546753**
SIC: **3845** Electromedical & electrotherapeutic apparatus

Mailing Address
1840 WEST AVE
MIAMI BEACH FL 33140

Business Address
1840 W AVE
MIAMI BEACH FL 33139
3055343694

FORM 10-QSB

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended April 30, 1995

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 0-13176

NON-INVASIVE MONITORING SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction of
incorporation or organization)

59-2007840
(I.R.S. Employer
Identification number)

1840 West Avenue
Miami Beach, Florida 33139
(Address of principal executive offices)
(Zip Code)

(305) 534-3694
(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

Number of shares of the registrant's common stock outstanding as of June 8, 1995 is 12,439,729.

NON-INVASIVE MONITORING SYSTEMS, INC.
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Condensed consolidated statements of operations--Three
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Condensed consolidated statements of cash flows--Nine
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PART I - FINANCIAL INFORMATION
NON-INVASIVE MONITORING SYSTEMS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

<TABLE>

<CAPTION>

<S>	<C> July 31, 1994 (Note)	<C> April 30, 1995 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 297,088	\$ 255,219
Restricted Certificate of Deposit	2,000,000	-
Accounts and royalties receivable	76,167	114,606
Inventories	686,021	614,615
Prepaid expenses and other current assets	17,178	35,039
TOTAL CURRENT ASSETS	3,076,454	1,019,479
PLANT AND EQUIPMENT		
Furniture and equipment	546,665	603,033
Leasehold improvements	15,730	15,730
	562,395	618,763
Less accumulated depreciation and amortization	438,607	492,922
	178,421	125,841
OTHER ASSETS		
Patent costs, net of accumulated amortization of \$79,171 in		

April and \$89,095 in July	240,830	255,037
Deferred software production costs, net of accumulated amortization of \$335,204 in April and \$267,704 in July	217,606	150,106
	458,436	405,143
	\$ 3,658,678	\$ 1,550,463

</TABLE>

NON-INVASIVE MONITORING SYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS--Continued

LIABILITIES AND SHAREHOLDERS' EQUITY

<TABLE>

<CAPTION>

<S>	<C>	<C>
	July 31,	April 30,
	1994	1995
	(Note)	(Unaudited)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Notes payable	\$ 1,965,000	\$ -
Customer deposit	201,630	12,983
Accounts payable	111,870	116,658
Accrued expenses	168,030	137,474
TOTAL CURRENT LIABILITIES	2,446,530	267,115

SHAREHOLDERS' EQUITY

Convertible Preferred Stock,
\$1.00 par value, 1,000,000
shares authorized:

Series B: (liquidation
preference of \$100 per
share, aggregating
\$10,000)

100	100
-----	-----

Series C: 62,048 shares issued and outstanding	62,048	62,048
Common Stock, \$.01 par value, 100,000,000 shares authorized, 12,439,729 issued and outstanding	124,398	124,398
Additional Paid-in capital	10,693,126	10,693,126
Accumulated deficit	(9,667,524)	(9,596,324)
	1,212,148	1,283,348
	\$ 3,658,678	\$ 1,550,463

</TABLE>

Note: The balance sheet at July 31, 1994 has been derived from the audited financial statements at that date.

See notes to condensed consolidated financial statements.

NON-INVASIVE MONITORING SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>

<CAPTION>

<S>	<C>		<C>	
	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	1994	1995	1994	1995
Net sales	\$ 471,121	\$ 318,508	\$ 693,567	\$1,408,656
Cost of goods sold	370,479	133,190	573,204	656,327
Amortization of software production costs	22,500	22,500	67,500	67,500
	78,142	162,818	52,863	684,829
Operating expenses:				
Selling and dis- tribution	49,132	40,307	172,190	122,555
General and adminis- trative	126,989	81,301	339,113	243,853
Research and devel- opment	77,402	91,255	319,248	249,818
	253,523	212,863	830,551	616,226

PROFIT (LOSS) FROM OPERATIONS	(175,381)	(50,045)	(777,688)	68,603
Other (expense) income:				
Interest expense	(20,212)	(177)	(56,595)	(20,883)
Interest income	15,319	1,473	44,253	14,043
Royalties	25,325	4,900	34,325	16,900
Other income				
(expense)	4,667	(9,160)	21,913	(7,463)
	25,099	(2,964)	43,896	(2,597)
NET PROFIT (LOSS)	\$ (150,282)	\$ (53,009)	(733,792)	71,200
AVERAGE COMMON SHARES OUTSTANDING	10,689,729	12,439,729	10,689,729	12,439,729
PROFIT (LOSS) PER COMMON SHARE	\$ (0.01)	\$ 0.00	\$ (0.07)	\$ 0.01

See notes to condensed consolidated financial statements.

</TABLE>

NON-INVASIVE MONITORING SYSTEMS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>

<CAPTION>

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Nine Months Ended
April 30

1994

1995

OPERATING ACTIVITIES

Net profit (loss)	\$ (733,792)	\$ 71,200
Adjustments to reconcile net profit (loss) to net cash provided by operating activities:		
Depreciation and		

amortization	159,204	111,891
Amortization of deferred compensation	-	-
Issuance of Common Stock for services rendered	-	-
Changes in operating assets and liabilities:		
Decrease in restricted CD	-	2,000,000
Decrease (increase) in accounts and royalties receivable	285,147	(38,439)
(Increase) decrease in inventories	174,965	71,406
Decrease (increase) prepaid expenses and other current assets	20,774	(17,861)
Increase (decrease) in accounts payable and accrued expenses	71,998	(25,768)
Decrease in customer deposits	-	(188,647)
NET CASH USED IN OPERATING ACTIVITIES	\$ (21,704)	\$ 1,983,782
INVESTING ACTIVITIES		
Sale (purchase) of marketable securities	42,000	-
Purchases of plant and equipment	(33,152)	(56,368)
Patent costs	(31,580)	(4,283)
Deferred software production costs		
NET CASH USED IN INVESTING ACTIVITIES	\$ (22,732)	\$ (60,651)
FINANCING ACTIVITIES		
Net proceeds from (payments of) notes payable	126,500	(1,965,000)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ 126,500	\$ (1,965,000)
(DECREASE) INCREASE IN CASH	\$ 82,064	\$ (41,869)
CASH AT BEGINNING OF PERIOD	\$ 34,527	\$ 297,088
CASH AT END OF PERIOD	\$ 116,591	\$ 255,219

See notes to condensed consolidated financial statements.

</TABLE>

NON-INVASIVE MONITORING SYSTEMS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

April 30, 1995

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Article 10 of regulation S-B. Accordingly, they do not include all of the information and

footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine month periods ended April 30, 1995 are not necessarily indicative of the results that may be expected for the year ended July 31, 1995. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10KSB for the fiscal year ended July 31, 1994.

NOTE B--INVENTORIES

Inventories consist of the following:

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<S>	<C> July 31, 1994	<C> April 30, 1995
Raw materials	\$ 96,126	\$ 158,708
Work-in-process	386,268	294,410
Finished Goods	203,627	161,497
	\$ 686,021	\$ 614,615

</TABLE>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

RESULTS OF OPERATIONS

The Company's net loss for the three month period ended April 30, 1995 was approximately \$53,000 as compared to a net loss of approximately \$150,000 for the three month period April 30, 1994. The Company had net income of approximately \$71,000 for the nine

month period ended April 30, 1995 as compared to a net loss of approximately \$734,000 for the same period in 1994. This decrease in net loss for the three and nine month periods is due to higher gross margins, a decrease in operating expenses described below and increased sales during the first and second quarters of fiscal 1995.

Net sales for the three month period ended April 30, 1995 were approximately \$319,000 as compared to approximately \$471,000 for the three month period ended April 30, 1994: net sales for the nine month period ended April 30, 1995 were approximately \$1,409,000 as compared to approximately \$694,000 for the nine month period ended April 30, 1994. The decrease in net sales for the three month period were a result of reduced sales to the Collaborative Home Infant Monitoring Evaluation (CHIME) study which is supported by the National Institute of Child Health and Human Development as compared to the same period last year while the increase in net sales for the nine month period were a result of product delivery on the direct sale by the Company of it's RespiTrace PT monitors to the CHIME study and additional sales of the RespiTrace Plus and RespiBand Plus products to SensorMedics Corporation ("SMC") who undertook exclusive marketing of the Company's products (excluding the RespiTrace PT mentioned above) during the first quarter of fiscal 1995. The Company has granted the exclusive domestic and international marketing rights for its products to SMC pursuant to a one year marketing agreement as of August 1, 1994. Sales to CHIME amounted to approximately \$32,000 and \$424,000, respectively, for the three and nine month periods ending April 30, 1995 while sales to SMC amounted to approximately \$281,000 and \$683,000, respectively, for the same three and nine month periods.

Cost of goods sold expressed as a percentage of net sales was approximately 42% during the three month period ended April 30, 1995 compared to approximately 79% for the three month period ending April 30, 1994. Cost of goods sold was approximately 47% during the nine month period ended April 30, 1995 compared to approximately 83% for the same period last year. The reduction of the cost of goods sold for both the three and nine month periods ending April 30, 1995 was due to higher gross margin and the combination of reduced production costs and increased sales revenue.

Operating expenses decreased from approximately \$254,000 for the three month period ended April 30, 1994 to approximately \$213,000 for the three month period ended April 30, 1995 and from approximately \$831,000 for the nine month period ended April 30, 1994 to approximately \$616,000 for the nine month period ended April 30, 1995. The decrease in both the three and nine month periods is a result of continued downsizing of operations due to cash constraints as described in "Liquidity and Capital Resources" below along with a decrease in selling and distribution expenses

which are a result of the SMC marketing agreement mentioned above.

Interest expense decreased approximately \$11,000 for the three month period ended April 30, 1995 and approximately \$36,000 for the nine month period ended April 30, 1995 as compared to the same periods in the prior fiscal year. These decreases are due to lower outstanding debt.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary source of working capital is revenues from operations.

Working capital was approximately \$752,000 at April 30, 1995 as compared to approximately \$630,000 at July 31, 1994. The increase in working capital is due to net income generated during the nine month period. During the three month period ended April 30, 1995 the Company continued to further downsize operations by implementing operational reductions and has limited research and development activities to projects which have the potential for generating revenues in the short term.

The Company continues to focus its resources into several areas of activity. These include; 1) Company participation in regulatory standards development aimed at gaining new product clearance to market, 2) in connection with the CHIME study vendor of choice technical involvement and participation as a non-voting member to CHIME Steering Committee meetings when requested, 3) servicing the product marketing agreement with SMC as described above, 4) the submission of a 510K application to the Food & Drug Administration (FDA) for permission to market products developed in connection with the CHIME project mentioned above. The Company expects to continue efforts in these areas of activity during fiscal 1995.

If sales do not continue at the present level, the Company may require further financing to continue operations beyond the end of fiscal 1995 and in any event may require additional capital to fund its research and development efforts. Although the Company is exploring various potential sources of financing, the Company has no commitments in this regard. Failure to secure necessary financing might result in the further reduction and curtailment of operations.

PART II OTHER INFORMATION

Item 1. Legal Proceedings
Not applicable

- Item 2. Changes in Securities
Not applicable
- Item 3. Defaults Upon Senior Securities
Not applicable
- Item 4. Submission of Matters to a Vote of Security Holders
Not applicable
- Item 5. Other Information
Not applicable
- Item 6. Exhibits and Reports on Form 8-K
 - A. Exhibits - None
 - B. Not applicable

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

NON-INVASIVE MONITORING SYSTEMS, INC.
Registrant

Date: June 12, 1995

By:/s/Marvin A. Sackner
Marvin A. Sackner, as Chairman and
Principal Executive Officer

Date: June 12, 1995

By:/s/Richard L. Dougherty
Richard L. Dougherty, as President
and Principal Operating, Financial
and Accounting Officer

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Financial Data Schedule for 3rd Quarter 10-Q for Non-Invasive Monitoring, Inc.

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