

Derycz Scientific Inc
Form 10-Q
November 19, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
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: September 30, 2008**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____**

**Commission File No. 333-148392
DERY CZ SCIENTIFIC, INC.**

(Exact name of registrant as specified in its charter)

Nevada

11-3797644

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

10990 Wilshire Blvd., Suite 1410, Los Angeles, California

90024

(Address of principal executive offices)

(Zip Code)

(310) 477-0354

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 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 (Do not check if a smaller 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

APPLICABLE ONLY TO CORPORATE ISSUERS:

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Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: As of November 11, 2008, there were 12,961,830 shares of common stock outstanding.

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PART 1 — FINANCIAL INFORMATION**Item 1. Financial Statements**

Derycz Scientific, Inc.
Condensed Consolidated Balance Sheets

	September 30, 2008 (unaudited)	June 30, 2008
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,597,679	\$ 849,834
Short term investments	1,731,961	1,736,630
Accounts receivable	2,338,115	3,119,158
Inventory	11,326	15,956
Prepaid royalties	254,236	326,077
Other current assets	121,478	80,739
TOTAL CURRENT ASSETS	6,054,795	6,128,394
PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$113,956 and \$89,711	382,297	362,807
LONG-TERM DEFERRED TAX ASSET	853	-
INTANGIBLE ASSETS		
Customer lists, net of accumulated amortization of \$213,889 and \$182,222	61,111	92,778
Other intellectual property, net of amortization of \$85,859 and \$64,016	584,566	518,959
Goodwill	284,143	189,185
TOTAL ASSETS	\$ 7,367,765	\$ 7,292,123
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 1,571,096	\$ 1,997,233
Capital lease obligation, current	16,546	16,129
Outstanding credit line	1,305,138	1,291,855
Income taxes payable	14,195	-
Other current liabilities	54,477	88,430
TOTAL CURRENT LIABILITIES	2,961,452	3,393,647
CAPITAL LEASE OBLIGATIONS	57,183	61,479
LONG-TERM DEFERRED TAX LIABILITY	121,832	-
MINORITY INTEREST	22,609	50,102
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		

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Preferred stock; \$0.001 par value; 20,000,000 shares authorized; no shares issued and outstanding

Common stock; \$0.001 par value; 100,000,000 shares authorized; 12,961,830 and 12,561,813 shares issued and outstanding	12,962	12,562
Additional paid-in capital	5,295,424	4,645,364
Accumulated deficit	(1,103,697)	(871,031)
TOTAL STOCKHOLDERS' EQUITY	4,204,689	3,786,895
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 7,367,765	\$ 7,292,123

See notes to condensed consolidated financial statements

Derycz Scientific, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

	Three Months Ended	
	September 30,	
	2008	2007
NET SALES	\$ 3,202,726	\$ 2,251,086
COST OF SALES	2,556,829	1,811,571
GROSS PROFIT	645,897	439,515