

PETMED EXPRESS INC
Form 10-Q
January 31, 2012

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 December 31, 2011

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: 000-28827

PETMED EXPRESS, INC.
(Exact name of registrant as specified in its charter)

FLORIDA
(State or other jurisdiction of
incorporation or organization)

65-0680967
(I.R.S. Employer
Identification No.)

1441 S.W. 29th Avenue, Pompano Beach, Florida 33069
(Address of principal executive offices, including zip code)

(954) 979-5995
(Registrant's telephone number, including area code)

N/A
(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

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required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

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 (§ 229.405 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 x No o

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 definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="radio"/>	Accelerated filer	<input checked="" type="radio"/>
Non-accelerated filer	<input type="radio"/>	Smaller reporting company	<input type="radio"/>

(Do not check if smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the latest practicable date: 20,337,941 Common Shares, \$.001 par value per share at January 31, 2012.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PETMED EXPRESS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2011 (Unaudited)	March 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 41,965	\$49,660
Short term investments - available for sale	10,300	10,116
Accounts receivable, less allowance for doubtful accounts of \$5 and \$6, respectively	1,639	1,985
Inventories - finished goods	25,946	25,140
Prepaid expenses and other current assets	2,013	1,036
Deferred tax assets	1,216	1,003
Prepaid income taxes	102	664
Total current assets	83,181	89,604
Long term investments	1,480	12,390
Property and equipment, net	2,882	3,433
Intangible asset	860	860
Total assets	\$ 88,403	\$106,287
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,141	\$6,452
Accrued expenses and other current liabilities	2,090	2,509
Total current liabilities	8,231	8,961
Deferred tax liabilities	359	321
Total liabilities	8,590	9,282
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, \$.001 par value, 5,000 shares authorized; 3 convertible shares issued and outstanding with a liquidation preference of \$4 per share	9	9
Common stock, \$.001 par value, 40,000 shares authorized; 20,338 and 22,331 shares issued and outstanding, respectively	20	22

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Retained earnings	79,774	97,115
Accumulated other comprehensive gain (loss)	10	(141)
Total shareholders' equity	79,813	97,005
Total liabilities and shareholders' equity	\$ 88,403	\$106,287

See accompanying notes to condensed consolidated financial statements.

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PETMED EXPRESS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME
 (In thousands, except for per share amounts)(Unaudited)

	Three Months Ended		Nine Months Ended	
	December 31,		December 31,	
	2011	2010	2011	2010
Sales	\$50,523	\$45,118	\$182,326	\$180,732
Cost of sales	33,369	28,193	121,128	114,251
Gross profit	17,154	16,925	61,198	66,481
Operating expenses:				
General and administrative	5,244	5,096	16,952	17,017
Advertising	5,449	4,444	23,453	21,859
Depreciation	359	358	1,046	1,023
Total operating expenses	11,052	9,898	41,451	39,899
Income from operations	6,102	7,027		