

EPLUS INC
Form 10-Q
November 05, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2009

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: 1-34167

ePlus inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

54-1817218
(I.R.S. Employer Identification No.)

13595 Dulles Technology Drive, Herndon, VA 20171-3413
(Address, including zip code, of principal executive offices)

Registrant's telephone number, including area code: (703) 984-8400

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 (Section 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 No

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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
Non-accelerated filer (Do not check if a smaller reporting company)

Accelerated filer
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

The number of shares of common stock outstanding as of October 30, 2009 was 8,412,456.

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Cautionary Language About Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and are made in reliance upon the protections provided by such acts for forward-looking statements. Such statements are not based on historical fact, but are based upon numerous assumptions about future conditions that may not occur. Forward-looking statements are generally identifiable by use of forward-looking words such as “may,” “should,” “intend,” “estimate,” “will,” “potential,” “could,” “believe,” “expect,” “anticipate,” “project,” “forecast,” and similar expressions. Readers are cautioned not to place undue reliance on any forward-looking statements made by us or on our behalf. Forward-looking statements are made based upon information that is currently available or management’s current expectations and beliefs concerning future developments and their potential effects upon us, speak only as of the date hereof, and are subject to certain risks and uncertainties. We do not undertake any obligation to publicly update or correct any forward-looking statements to reflect events or circumstances that subsequently occur, or of which we hereafter become aware. Actual events, transactions and results may materially differ from the anticipated events, transactions or results described in such statements. Our ability to consummate such transactions and achieve such events or results is subject to certain risks and uncertainties. Such risks and uncertainties include, but are not limited to, the matters set forth below:

- we offer a comprehensive set of solutions—the bundling of our direct IT sales, professional services and financing with our proprietary software — and we may encounter some of the challenges, risks, difficulties and uncertainties frequently faced by similar companies, such as:
 - o managing a diverse product set of solutions in highly competitive markets;
 - o increasing the total number of customers utilizing bundled solutions by up-selling within our customer base and gaining new customers;
 - o adapting to meet changes in markets and competitive developments;
 - o maintaining and increasing advanced professional services by retaining highly skilled personnel and vendor certifications;
 - o integrating with external IT systems, including those of our customers and vendors; and
 - o continuing to enhance our proprietary software and update our technology infrastructure to remain competitive in the marketplace.
- a decrease in the capital spending budgets of, or delay of technology purchases by, our customers or potential customers;
 - our ability to protect our intellectual property;
 - the creditworthiness of our customers;
 - reduction of vendor incentive programs;
- our ability to raise capital, maintain or increase as needed our lines of credit or floor planning facilities, or obtain non-recourse financing for our transactions;
 - our ability to realize our investment in leased equipment;
 - our ability to hire and retain sufficient qualified personnel;
 - our ability to reserve adequately for credit losses;
- the continuation of incentives, rebates, and promotional programs by our major vendors and distributors; and
 - significant adverse changes in, reductions in, or losses of relationships with major customers or vendors.

We cannot be certain that our business strategy will be successful or that we will successfully address these and other challenges, risks and uncertainties. For a further list and description of various risks, relevant factors and uncertainties that could cause future results or events to differ materially from those expressed or implied in our forward-looking statements, see the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections contained elsewhere in this report, as well as our Annual Report on Form 10-K for the fiscal year ended March 31, 2009, any subsequent Reports on Form 10-Q and Form 8-K, and other filings with the SEC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ePlus inc. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	As of September 30, 2009	As of March 31, 2009
	(in thousands)	
ASSETS		
Cash and cash equivalents	\$ 88,343	\$ 107,788
Accounts receivable—net	93,317	82,734
Notes receivable	2,128	2,632
Inventories—net	11,745	9,739
Investment in leases and leased equipment—net	124,219	119,256
Property and equipment—net	2,714	3,313
Other assets	20,393	16,809
Goodwill	21,601	21,601
TOTAL ASSETS	\$ 364,460	\$ 363,872
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Accounts payable—equipment	\$ 8,161	\$ 2,904
Accounts payable—trade	13,670	18,833
Accounts payable—floor plan	50,711	45,127
Accrued expenses and other liabilities	36,850	33,588
Income taxes payable	3,338	912
Recourse notes payable	102	102
Non-recourse notes payable	64,571	84,977
Deferred tax liability	2,957	2,957
Total Liabilities	180,360	189,400
COMMITMENTS AND CONTINGENCIES (Note 7)		
STOCKHOLDERS' EQUITY		
Preferred stock, \$.01 par value; 2,000,000 shares authorized; none issued or outstanding	-	-
Common stock, \$.01 par value; 25,000,000 shares authorized; 11,854,479 issued and 8,423,030 outstanding at September 30, 2009 and 11,504,167 issued and 8,088,513 outstanding at March 31, 2009	118	115
Additional paid-in capital	82,774	80,055
Treasury stock, at cost, 3,431,449 and 3,415,654 shares, respectively	(37,468)	(37,229)
Retained earnings	138,351	131,452
	325	79

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Accumulated other comprehensive income—foreign currency
translation adjustment

Total Stockholders' Equity	184,100	174,472
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 364,460	