DILLARDS INC
Form 8-K
March 02, 2010

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

FORM 8-K

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

Date of report (Date of earliest event reported): **March 1, 2010**

Dillard's, Inc.
(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

1-6140	**71-0388071**
(Commission File Number)	(I.R.S. Employer Identification No.)

1600 Cantrell Road

Little Rock, Arkansas	**72201**
(Address of Principal Executive Offices)	(Zip Code)

(501) 376-5200
(Registrant’s Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 **Results of Operations and Financial Condition.**

On March 1, 2010, the registrant issued a press release announcing results for the thirteen and fifty two weeks ended January 30, 2010. A copy of the press release is furnished as Exhibit 99.

Item 9.01 **Financial Statements and Exhibits**

99 Press Release dated March 1, 2010

SIGNATURE

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 hereunto duly authorized.

DILLARD'S, INC.

DATED:	*March 1, 2010*	*By:*	*<u>/s/ James I. Freeman</u>*
		Name:	James I. Freeman
		Title:	Senior Vice President & Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99	Press Release dated March 1, 2010

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Total outstanding at end of year

1,100,000

$

0.7985

1,170,000

$

0.6831

Outstanding exercisable stock options at end of year

763,324

$

0.7614

523,327

$

0.6294

October 31,
2014

October 31,
2013

Weighted average remaining years in contractual life for:

Total outstanding options

2.4 years

3.0 years

Outstanding exercisable options

2.3 years

2.6 years

Shares of common stock available for issuance pursuant to future stock option grants

1,300,000

1,330,000

The following table presents the stock-based compensation included in the Company's consolidated statement of income and the effect in earnings per share:

	Year ended October 31,	
	2014	2013
Stock-based compensation expense:		
Cost of services	$ 10,018	$ 11,121
Selling, general and administrative	84,382	42,040
Stock-based compensation before tax	94,400	53,161
Income tax benefit	-	-
Net stock-based compensation expense	$ 94,400	$ 53,161
Effect on earnings per share:		
Basic earnings per share	$ (0.004)	$ (0.002)
Diluted earnings per share	$ (0.004)	$ (0.002)

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As of October 31, 2014, estimated stock based compensation expense to be recognized in future periods for granted nonvested stock options amounted to approximately $40,000. These nonvested stock options compensation expense will be recognized in a weighted average period of approximately 0.3 years.

The fair value of stock-based awards to employees is calculated using the Black-Scholes option pricing model. The Black-Scholes model requires subjective assumptions, including future stock price volatility and expected time to exercise, which greatly affect the calculated values. The expected term of the option has been estimated using the "simplified" method as provided in ("SEC") Staff Accounting Bulletin No. 107, for plans with insufficient exercise experience. Under this method, the expected term equals the arithmetic average of the vesting term and the contractual term of the option. The risk-free rate is based on the U.S. Treasury rates in effect during the corresponding period of grant. The expected volatility is based on the historical volatility of the Company's stock price. These factors could change in the future, which would affect fair values of stock options granted in such future periods, and could cause volatility in the total amount of the stock-based compensation expense reported in future periods.

The following weighted average assumptions were used to estimate the fair value of stock options granted for the years ended October 31, 2014 and 2013:

	Year ended October 31,	
	2014	2013
Expected dividend yield	0.0%	0.0%
Expected stock price volatility	54.6%	47.7%
Risk free interest rate	0.8%	0.4%
Expected life of options	3.2 years	3.2 years
Weighted average fair value of options granted	$ 0.7806	$ 0.2495

As of October 31, 2014 and 2013, the aggregate intrinsic value of options outstanding was approximately $571,000 and $1,108,000, respectively. The aggregate intrinsic value represents the difference between the Company's stock price at year end and the exercise price, multiplied by the number of in-the money options had all option holders exercised their options. This amount changes based on the fair market value of the Company's stock.

During the year ended October 31, 2014, 100,000 stock options were exercised on a cashless basis, resulting on the net issuance of 76,013 common shares. The total intrinsic values of options exercised during the year eneded October 31, 2014 was approximately $154,000. The actual tax benefits realized from tax dedcutions from option exercises are insignificant.

Since the 2005 Long-Term Incentive Plan is for a term of ten years, which will expire on October 2015, on March 31, 2014, the Company's board of directors adopted, and on April 30, 2014, the Company's stockholders approved, the 2014 Long-Term Incentive Plan (the "2014 Plan"), covering 2,300,000 shares of common stock. The 2014 Plan provisions are similar to those of the 2005 Plan. As of October 31, 2014, no awards have been granted under the 2014 Plan.

NOTE J - CONCENTRATION OF RISKS

Cash and cash equivalents

The Company domestic cash and cash equivalents consist of cash deposits in FDIC insured banks (substantially covered by FDIC insurance by the spread of deposits in multiple FDIC insured banks), a money market obligations trust registered under the US Investment Company Act of 1940, as amended, and U.S. Treasury securities with maturities of three months or less. In the foreign markets we serve, we also maintain cash deposits in foreign banks, which tend to be not significant and have no specific insurance. No losses have been experienced or are expected on these accounts.

Accounts receivable and revenues

Management deems all its accounts receivable to be fully collectible, and, as such, does not maintain any allowances for uncollectible receivables.

The Company's revenues, and the related receivables, are concentrated in the pharmaceutical industry in Puerto Rico, the United States of America, Ireland and Spain. Although few customers represent a significant source of revenue, the Company’s functions are not a continuous process, accordingly, the client base for which the services are typically rendered, on a project-by-project basis, changes regularly.

The Company provided a substantial portion of its services to three customers, who accounted for 10% or more of its revenues in either of the years ended October 31, 2014 or 2013. During the year ended October 31, 2014 revenues from these customers were 19%, 17% and 10%, or a total of 46%, as compared to the same period last year for 28%, 15% and 2%, or a total of 45%, respectively. At October 31, 2014 and 2013, amounts due from these customers represented 36% and 27% of total accounts receivable balance, respectively.

The major customer information in the above paragraph is based on revenues earned from said customers at the segment level because in management’s opinion contracts by segments are totally independent of each other, and therefore such information is more meaningful to the reader. These revenues pertain to two global group of affiliated companies. During the year ended October 31, 2014, aggregate revenues from these global groups of affiliated companies were 40% and 10%, or a total of 50%, as compared to the same period last year for 51% and 2%, or a total of 53%, respectively. At October 31, 2014 and 2013, amounts due from this global group of affiliated companies represented 62% and 36% of total accounts receivable balance, respectively.

NOTE K - SEGMENT DISCLOSURES

The Company’s segments are based on the organizational structure for which financial results are regularly evaluated by the Company’s chief operating decision maker to determine resource allocation and assess performance. Each reportable segment is managed by its own management team and reports to executive management. The Company has four reportable segments: (i) Puerto Rico technical compliance consulting, (ii) United States technical compliance consulting, (iii) Europe technical compliance consulting, and (iv) a Puerto Rico microbiological and chemical laboratory testing division (“Lab”). These reportable segments provide services primarily to the pharmaceutical, chemical, medical device and biotechnology industries in their respective markets.

The following table presents information about the reported revenue from services and earnings from operations of the Company for the years ended in October 31, 2014 and 2013. There is no intersegment revenue for the mentioned periods. Corporate expenses that support the operating units have been allocated to the segments. Asset information by reportable segment is not presented, since the Company does not produce such information internally, nor does it use such data to manage its business.

	Year ended October 31, 2014	2013
REVENUES:		
Puerto Rico consulting	$ 15,586,343	$ 15,833,248
United States consulting	7,760,941	11,334,094
Europe consulting	2,184,977	3,596,648
Lab (microbiological and chemical testing)	1,718,771	1,866,935
Other segments[1]	304,007	431,085
Total consolidated revenues	$ 27,555,039	$ 33,062,010
INCOME (LOSS) BEFORE TAXES:		
Puerto Rico consulting	$ 2,380,745	$ 3,673,143
United States consulting	898,924	2,227,771
Europe consulting	(514,744)	(319,193)
Lab (microbiological and chemical testing)	(116,711)	250,500
Other segments[1]	229,958	244,089
Total consolidated income before taxes	$ 2,878,172	$ 6,076,310

1 Other segments represent activities that fall below the reportable threshold and are carried out in Puerto and United States. These activities include a technical seminars/training division, an information technology services and consulting division, and corporate headquarters, as applicable.

Long lived assets (property and equipment) and related depreciation and amortization expense for the year ended October 31, 2014 and 2013, were concentrated in the domestic markets (Puerto Rico and United States). The aggregate amount of long lived assets for the international operations (Europe) is considered insignificant.

NOTE L - RETIREMENT PLAN

Pharma-PR and Pharma-US each have a separate qualified profit sharing plan in accordance with the applicable laws of the Commonwealth of Puerto Rico and the United States of America, for employees who meet certain age and service period requirements. The Company makes contributions to this plan as required by the provisions of the plan document. Contributions for the years ended October 31, 2014 and 2013 were $86,100 and $91,500, respectively.

NOTE M – RELATED PARTY TRANSACTIONS

On December 31, 2013, the Company entered into a Consulting Agreement with a company (the "Consultant") affiliated to our Chairman and our Chairman, effective as of January 1, 2014. Pursuant to the Consulting Agreement, the Consultant will consult with the Board regarding the Company's strategic initiatives, company services, management, operations and other matters as may be requested from time to time by the Board. Pursuant to the Consulting Agreement, the Consultant will receive a monthly fee of $42,000 during the one year term of the Consulting

Agreement. Additionally, our Chairman will receive a company automobile and such insurance as she was provided by the Company during her last year of employment with the Company. The Consulting Agreement also included standard provisions relating to non-competition, confidentiality, non-transferability and non-disparagement. On December 31, 2014, the Consulting Agreement was renewed for an additional term of one year.

NOTE N – SUBSEQUENT EVENT

On December 2014, the Company issued a warrant for the purchase of 1,000,000 common shares, as more fully disclosed in Note F.