

GIGA TRONICS INC
Form 10-Q/A
June 19, 2012

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

FORM 10-Q/A

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 No. 0-12719

GIGA-TRONICS INCORPORATED
(Exact name of registrant as specified in its charter)

California
(State or other jurisdiction of incorporation or
organization)

94-2656341
(I.R.S. Employer Identification No.)

4650 Norris Canyon Road, San Ramon, CA
(Address of principal executive offices)

94583
(Zip Code)

Registrant's telephone number, including area code: (925) 328-4650

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 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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 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

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. (Check one):

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Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes No

There were a total of 5,023,782 shares of the Registrant's Common Stock outstanding as of February 10, 2012.

EXPLANATORY NOTE

This Amendment No. 1 to the quarterly report of Giga-tronics Incorporated (“the Company”) on Form 10-Q/A (“Form 10-Q/A” or “Amended Filing”) amends our quarterly report on Form 10-Q for the three and nine months ended December 31, 2011 and December 25, 2010, which was originally filed on February 10, 2012 (“Original Filing”). This amendment is being filed for the purpose of restating certain amounts in the Financial Statements in Part I, Item 1, Management’s Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2, Controls and Procedures in Part I, Item 4T and Exhibits in Part II, Item 6.

Subsequent to filing the Company’s annual report on Form 10-K, for the year ended March 26, 2011 and quarterly reports on Form 10-Q for the quarters ended June 25, 2011, September 24, 2011 and December 31, 2011, the Company determined that a full valuation allowance on its deferred tax asset should have been maintained as of June 26, 2010 and as of all subsequent quarters through December 31, 2011. Management determined that it was necessary to maintain the valuation allowance against its deferred tax assets after considering information that should have been used to measure the positive and negative evidence regarding the ultimate realization of the net deferred tax assets in the original assessment.

Realization of the net deferred tax asset is dependent upon the Company’s ability to generate future taxable income. In its reassessment, Management concluded that objective and verifiable negative evidence represented by historic losses outweighed more subjective positive evidence of anticipated future income. As a result, the Company determined it necessary to maintain a full valuation allowance against its net deferred tax asset; restated its financial statements and filed an amended Form 10-K for the year ended March 26, 2011 on June 19, 2012. The Company has also filed amended quarterly reports for the quarters ended June 25, 2011, September 24, 2011 and this Amended Filing as of December 31, 2011.

The results of this change on the Consolidated Balance Sheet as of March 26, 2011, Consolidated Statements of Operations for the three months and nine months ended December 31, 2011 and December 25, 2010, and Consolidated Statements of Cash Flows for the nine months ended December 31, 2011 and December 25, 2010, are discussed under Note 2 to the Condensed Consolidated Financial Statements. The restatement reflects non-cash adjustments and has no effect on previously reported operating income results.

Pursuant to the rules of the SEC, Part II, Item 6 has also been amended to contain the currently dated certifications from the company’s principal executive officer and principal financial officer as required by Section 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company’s principal executive officer and principal financial officer are attached to this Amended Filing as Exhibits 31.1, 31.2, 32.1 and 32.2.

All information in our Quarterly Report on Form 10-Q/A for the three months and nine months ended December 31, 2011 and December 25, 2010, as amended by this Amendment No. 1, speaks as of the date of the original filing of our Form 10-Q for such periods and does not reflect any subsequent information or events, except as expressly noted in this Amendment No. 1 and except for Exhibits 31.1, 31.2, 32.1 and 32.2. All information contained in this Amendment No. 1 is subject to updating and supplementing as provided in our reports, as amended, filed with the Securities and Exchange Commission subsequent to the date of the initial filing of our Quarterly Report on Form 10-Q for the three and nine months ended December 31, 2011 and December 25, 2010.

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Part I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In thousands except share data)	December 31, 2011	March 26, 2011 (as restated, see Note 2)
Assets		
Current assets:		
Cash and cash-equivalents	\$3,476	\$1,408
Trade accounts receivable, net of allowance of \$124 and \$248, respectively	1,485	5,632
Inventories, net	4,789	5,386
Prepaid expenses and other current assets	219	420
Total current assets	9,969	12,846
Property and equipment, net	628	530
Other assets	16	16
Total assets	\$10,613	\$13,392
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$530	\$972
Accrued commission	79	139
Accrued payroll and benefits	382	455
Accrued warranty	167	200
Income taxes payable	-	30
Deferred revenue	8	586
Deferred rent	53	36
Capital lease obligations	35	93
Other current liabilities	324	193
Total current liabilities	1,578	2,704
Long term obligations - deferred rent	451	413
Long term obligations - capital lease	18	10
Total liabilities	2,047	3,127
Commitments		
Shareholders' equity:		
Convertible Preferred stock of no par value;		
Authorized - 1,000,000 shares		
Series A - designated 250,000 shares; 0 shares at December 31, 2011 and March 26, 2011 issued and outstanding	-	-
Series B - designated 10,000 shares; 9,997 shares at December 31, 2011 and 0 shares at March 26, 2011 issued and outstanding	1,997	-
Common stock of no par value;		
Authorized - 40,000,000 shares; 5,023,782 shares at December 31, 2011 and 4,994,157 shares at March 26, 2011 issued and outstanding		
	14,741	14,485

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Accumulated (deficit) earnings	(8,172)	(4,220)
Total shareholders' equity	8,566		10,265	
Total liabilities and shareholders' equity	\$10,613		\$13,392	

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	December 31, 2011 (as restated, see Note 2)	December 25, 2010 (as restated, see Note 2)	December 31, 2011 (as restated, see Note 2)	December 25, 2010 (as restated, See Note 2)
(In thousands except per share data)				
Net sales	\$2,799	\$4,640	\$10,382	\$14,090
Cost of sales	3,269	2,574	7,877	8,181
Gross margin	(470)	2,066		