

FORWARD INDUSTRIES INC
Form 10-Q
August 10, 2010

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 June 30, 2010.

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: 0-6669

FORWARD INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New York

(State or other jurisdiction of
incorporation or organization)

13-1950672

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

1801 Green Rd., Suite E, Pompano Beach, FL 33064

(Address of principal executive offices, including zip code)

(954) 419-9544

(Registrant's telephone number, including area code)

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 twelve 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.

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

The number of shares outstanding of the registrant's common stock, par value \$0.01 per share, at the latest practical date August 6, 2010, was 8,021,775 shares.

Forward Industries, Inc.

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Note Regarding Use of Certain Terms

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the following terms have the meanings assigned to them as set forth below:

"we", "our", and the "Company" refer to Forward Industries, Inc., a New York corporation, together with its consolidated subsidiaries;

Forward or Forward Industries refers to Forward Industries, Inc.;

common stock refers to the common stock, \$.01 par value per share, of Forward Industries, Inc.;

"Koszegi" refers to Forward Industries wholly owned subsidiary Koszegi Industries, Inc., an Indiana corporation;

Forward HK refers to Forward Industries wholly owned subsidiary Forward Industries HK, Ltd., a Hong Kong corporation (formerly Koszegi Asia Ltd.);

Forward Innovations refers to Forward Industries wholly owned subsidiary Forward Innovations GmbH, a Swiss corporation; Forward APAC refers to Forward Industries wholly owned subsidiary Forward Asia Pacific Limited, a Hong Kong corporation; GAAP refers to accounting principles generally accepted in the United States;

Commission refers to the United States Securities and Exchange Commission;

Exchange Act refers to the United States Securities Exchange Act of 1934, as amended;

2010 Quarter refers to the three months ended June 30, 2010;

2009 Quarter refers to the three months ended June 30, 2009;

2010 Period refers to the nine months ended June 30, 2010;

2009 Period refers to the nine months ended June 30, 2009;

Fiscal 2010 refers to our fiscal year ending September 30, 2010;

Fiscal 2009 refers to our fiscal year ended September 30, 2009;

Europe refers to the countries included in the European Union;

APAC Region refers to the Asia Pacific Region, consisting of Australia, New Zealand, Hong Kong, Taiwan, China, South Korea, Japan, Singapore, Malaysia, Thailand, Indonesia, India, the Philippines and Vietnam;

Americas refers to the geographic area encompassing North, Central, and South America;

OEM refers to Original Equipment Manufacturer of certain consumer electronic products.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Forward Industries, Inc.

CONSOLIDATED BALANCE SHEETS

	June 30, 2010	September 30, 2009
	(Unaudited)	
<u>Assets</u>		
Current assets:		
Cash and cash equivalents.....	\$19,877,077	\$20,103,502
Accounts receivable, net	4,167,352	3,259,462
Inventories, net.....	1,047,248	666,485
Prepaid expenses and other current assets.....	318,770	228,938
Total current assets	25,410,447	24,258,387
Property, plant, and equipment, net.....	119,251	162,468
Other assets.....	46,032	59,532
Total Assets	\$25,575,730	\$24,480,387
<u>Liabilities and shareholders equity</u>		
Current liabilities:		
Accounts payable.....	\$2,689,086	\$1,824,091
Accrued expenses and other current liabilities.....	413,477	133,857
Total liabilities	3,102,563	1,957,948
Commitments and contingencies		
Shareholders equity:		
Preferred stock, par value \$0.01 per share; 4,000,000 shares authorized; no shares issued.....	--	--
Common stock, par value \$0.01 per share; 40,000,000 shares authorized,		86,436

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8,728,185 and 8,643,598 shares issued, respectively
 (including 706,410 held in treasury at both dates).....

	87,282	
Capital in excess of par value.....	16,333,630	16,101,568
Treasury stock, 706,410 shares at cost	(1,260,057)	(1,260,057)
Retained earnings.....	7,312,312	7,594,492
Total shareholders equity	22,473,167	22,522,439
Total liabilities and shareholders equity	\$25,575,730	\$24,480,387

The accompanying notes are an integral part of the consolidated financial statements.

Forward Industries, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

	(UNAUDITED)		(UNAUDITED)	
	Three Months Ended June		Nine Months Ended June 30,	
	30,		2010	2009
	2010	2009		
Net sales	\$5,058,392	\$4,106,814	\$13,604,845	\$13,670,407
Cost of goods sold	3,787,101	3,075,481	10,415,616	11,031,543
Gross profit	1,271,291	1,031,333	3,189,229	2,638,864
Operating expenses:				
Selling.....	556,749	645,035		