

GIGA TRONICS INC  
Form 10-Q  
November 12, 2013

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 28,**  
**2013**

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 94583**

(Address of principal executive offices)

**(925) 328-4650**

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 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):

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 5,181,247 shares of the Registrant's Common Stock outstanding as of November 12, 2013.

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Sarbanes-Oxley  
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32.2  
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CFO pursuant to<sup>31</sup>  
Section 906 of  
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## FORWARD-LOOKING STATEMENTS

This report on Form 10-Q contains forward-looking statements about Giga-tronics Incorporated (the “Company”) for which it claims the protection of the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not limited to: (i) projections of revenues, expenses, income or loss, earnings or loss per share, capital structure and other financial items; (ii) statements of plans, objectives and expectations of the Company or its management or board of directors, including those relating to products, revenue or cost savings; (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes", "anticipates", "expects", "intends", "targeted", "projected", "continue", "remain", "will", "should", "may" and other similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

These forward-looking statements are based on Management’s current knowledge and belief and include information concerning the Company’s possible or assumed future financial condition and results of operations. A number of factors, some of which are beyond the Company’s ability to predict or control, could cause future results to differ materially from those contemplated. These factors include but are not limited to risks related to (1) the Company’s potential inability to obtain necessary capital to finance its operations; (2) the Company’s ability to develop competitive products in a market with rapidly changing technology and standards; (3) risks related to customers’ credit worthiness/profiles; (4) changes in the Company’s credit profile and its ability to borrow; (5) a potential decline in demand for certain of the Company’s products; (6) potential product liability claims; (7) the potential loss of key personnel; and (8) U.S. and international economic conditions . Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also affect our business operations. The reader is directed to the Company's annual report on Form 10-K for the year ended March 30, 2013 for further discussion of factors that could affect the Company's business and cause actual results to differ materially from those expressed in any forward-looking statement made in this report. The Company undertakes no obligation to update any forward-looking statements in this report.

**Part I – Financial Information****Item 1 - Financial Statements****GIGA-TRONICS INCORPORATED****CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

<b>(In thousands except share data)</b>	<b>September 28, 2013</b>	<b>March 30, 2013</b>
<b>Assets</b>		
Current assets:		
Cash and cash-equivalents	<b>\$ 396</b>	\$1,882
Trade accounts receivable, net of allowance of \$60 and \$35, respectively	<b>1,962</b>	1,666
Inventories, net	<b>3,653</b>	4,560
Prepaid expenses and other current assets	<b>481</b>	501
Total current assets	<b>6,492</b>	8,609
Property and equipment, net	<b>904</b>	751
<b>Total assets</b>	<b>\$ 7,396</b>	\$9,360
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Line of credit	<b>\$ -</b>	\$577
Accounts payable	<b>1,051</b>	788
Accrued payroll and benefits	<b>936</b>	1,047
Deferred revenue	<b>1,165</b>	2,278
Deferred rent	<b>93</b>	81
Capital lease obligations	<b>82</b>	66
Other current liabilities	<b>405</b>	505
Total current liabilities	<b>3,732</b>	5,342
Long term obligation - line of credit	<b>595</b>	280
Long term obligations - deferred rent	<b>292</b>	341
Long term obligations - capital lease	<b>82</b>	89
<b>Total liabilities</b>	<b>4,701</b>	6,052
Commitments and contingencies	<b>-</b>	-
Shareholders' equity:		
Convertible preferred stock of no par value; Authorized - 1,000,000 shares		
Series A - designated 250,000 shares; 0 shares at September 28, 2013 and March 30, 2013 issued and outstanding	<b>-</b>	-
Series B - designated 10,000 shares; 9,997 shares at September 28, 2013 and March 30, 2013 issued and outstanding; (liquidation preference of \$2,309)	<b>1,997</b>	1,997
Series C - designated 3,500 shares; 3,425.65 shares at September 28, 2013 and March 30, 2013 issued and outstanding; (liquidation preference of \$500)	<b>457</b>	457
	<b>457</b>	-

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Series D - designated 6,000 shares; 5,111.86 shares at September 28, 2013 and no shares at March 30, 2013 issued and outstanding; (liquidation preference of \$858)

Common stock of no par value; Authorized - 40,000,000 shares; 5,181,247 shares at September 28, 2013 and 5,079,747 at March 30, 2013 issued and outstanding

Accumulated deficit

**Total shareholders' equity**

**Total liabilities and shareholders' equity**

<b>16,058</b>	15,132
<b>(16,274 )</b>	(14,278)
<b>2,695</b>	3,308
<b>\$ 7,396</b>	\$9,360

*See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements*



**GIGA-TRONICS INCORPORATED**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

<b>Three Month Periods Ended</b>	<b>Six Month Periods Ended</b>
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(In thousands except per share data)