

TALON INTERNATIONAL, INC.  
Form 10-Q  
May 13, 2010

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

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FORM 10-Q

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

For the quarterly period ended March 31, 2010.

OR

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

Commission file number 1-13669

TALON INTERNATIONAL, INC.  
(Exact Name of Issuer as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation  
or Organization)

95-4654481  
(I.R.S. Employer Identification No.)

21900 Burbank Boulevard, Suite 270  
Woodland Hills, California 91367  
(Address of Principal Executive Offices)

(818) 444-4100  
(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 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 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 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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

At May 13, 2010 the issuer had 20,291,433 shares of Common Stock, \$.001 par value, issued and outstanding.

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TALON INTERNATIONAL, INC.

INDEX TO FORM 10-Q

<b>PART I</b>	<b>FINANCIAL INFORMATION</b>	<b>Page</b>
Item 1.	Financial Statements.	3
	Consolidated Balance Sheets as of March 31, 2010 (Unaudited) and December 31, 2009	3
	Consolidated Statements of Operations for the Three Months Ended March 31, 2010 and 2009 (Unaudited)	4
	Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2010 and 2009 (Unaudited)	5
	Notes to Consolidated Financial Statements	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.	21
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	31
Item 4.	Controls and Procedures	31
<b>PART II</b>	<b>OTHER INFORMATION</b>	<b>32</b>
Item 1.	Legal Proceedings	32
Item 1A.	Risk Factors	32
Item 5.	Other information	33
Item 6.	Exhibits	33

TALON INTERNATIONAL, INC.  
CONSOLIDATED BALANCE SHEETS

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	\$1,757,772	\$2,264,606
Accounts receivable, net	3,501,645	3,021,642
Inventories, net	1,549,533	1,679,302
Prepaid expenses and other current assets	115,061	240,554
Total current assets	6,924,011	7,206,104
Property and equipment, net	2,066,825	2,280,586
Intangible assets, net	4,110,751	4,110,751
Other assets	282,824	236,386
Total assets	\$13,384,411	\$13,833,827
Liabilities and Stockholders' Deficit		
Current liabilities:		
Accounts payable	\$6,392,357	\$6,337,368
Accrued expenses	2,632,518	2,678,659
Revolver note payable	4,988,988	4,988,988
Term notes payable, net of discounts	10,288,595	9,876,114
Notes payable to related parties	268,195	265,871
Current portion of long term obligations	93,968	115,336
Total current liabilities	24,664,621	24,262,336
Capital lease obligations, net of current portion	22,036	23,477
Other liabilities	689,565	726,875
Total liabilities	25,376,222	25,012,688
Commitments and contingencies (Note 11)		
Stockholders' Deficit:		
Preferred stock Series A, \$0.001 par value; 250,000 shares authorized; no shares issued or outstanding	-	-
Common stock, \$0.001 par value, 100,000,000 shares authorized; 20,291,433 shares issued and outstanding at March 31, 2010 and December 31, 2009	20,291	20,291
Additional paid-in capital	55,115,597	55,070,568
Accumulated deficit	(67,191,652)	(66,344,009)
Accumulated other comprehensive income	63,953	74,289
Total stockholders' deficit	(11,991,811)	(11,178,861)

Total liabilities and stockholders' deficit	\$13,384,411	\$13,833,827
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See accompanying notes to consolidated financial statements.

## TALON INTERNATIONAL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended March 31,	
	2010	2009
Net sales	\$8,235,260	\$6,515,754
Cost of goods sold	5,798,567	4,531,587
Gross profit	2,436,693	1,984,167
Sales and marketing expenses	656,822	701,814
General and administrative expenses	1,955,573	1,817,523
Total operating expenses	2,612,395	2,519,337
Loss from operations	(175,702 )	(535,170 )
Interest expense, net	707,197	636,951
Net loss before provision for (benefit from) income taxes	(882,899 )	(1,172,121)
Provision for (benefit from) income taxes	(35,256 )	6,407
Net loss	\$(847,643 )	\$(1,178,528)
Basic and diluted net loss per share	\$ (0.04)	