

TALON INTERNATIONAL, INC.  
Form 10-Q  
August 12, 2013

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**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 June 30, 2013.

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

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.

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 Aug 9, 2013, the issuer had 91,913,217 shares of Common Stock, \$.001 par value, issued and outstanding.

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**TALON INTERNATIONAL, INC.**

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**TALON INTERNATIONAL, INC.****CONSOLIDATED BALANCE SHEETS**

	<b>June 30, 2013 (Unaudited)</b>	<b>December 31, 2012</b>
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,506,088	\$ 8,927,333
Accounts receivable, net	4,511,580	3,635,136
Inventories, net	933,397	730,503
Prepaid expenses and other current assets	532,636	456,460
Total current assets	17,483,701	13,749,432
Property and equipment, net	850,266	763,770
Intangible assets, net	4,273,652	4,279,943
Other assets	390,821	182,671
Total assets	\$22,998,440	\$ 18,975,816
Liabilities, Preferred Stock and Stockholders' Equity (Deficit)		
Current liabilities:		
Accounts payable	\$9,609,871	\$7,866,662
Accrued expenses	2,551,896	2,023,535
Current portion of capital lease obligations	1,585	3,247
Total current liabilities	12,163,352	9,893,444
Deferred income taxes	1,017,755	945,543
Other liabilities	42,423	186,051
Total liabilities	13,223,530	11,025,038
Commitments and contingencies (Note 10)		
Series B Convertible Preferred Stock, \$0.001 par value; 407,160 shares authorized, issued and outstanding	25,777,657	23,979,216
Stockholders' Equity (Deficit):		
Series A Preferred Stock, \$0.001 par value; 250,000 shares authorized; no shares issued or outstanding	-	-
Common Stock, \$0.01 par value, 100,000,000 shares authorized; 24,900,808 and 23,400,808 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	24,901	23,401
Additional paid-in capital	58,708,444	58,458,731

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Accumulated deficit	(74,833,425)	(74,578,052)
Accumulated other comprehensive income	97,333	67,482
Total stockholders' equity (deficit)	(16,002,747)	(16,028,438)
Total liabilities, preferred stock and stockholders' equity (deficit)	\$22,998,440	\$18,975,816

See accompanying notes to consolidated financial statements.

**TALON INTERNATIONAL, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**

**(Unaudited)**

	<b>Three Months Ended</b>		<b>Six Months Ended June</b>	
	<b>June 30,</b>		<b>30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net sales	\$ 16,640,964	\$ 13,179,849	\$ 26,780,714	\$ 21,925,799
Cost of goods sold	11,089,124	8,821,120	18,052,796	14,796,314
Gross profit	5,551,840	4,358,729	8,727,918	7,129,485
Sales and marketing expenses	1,532,493	1,166,549	2,796,485	2,263,472
General and administrative expenses	2,430,748	2,217,822	4,133,957	4,365,481
Total operating expenses				