

GIGA TRONICS INC
Form 10-Q
August 07, 2008

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 28, 2008

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 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

INDEX

PART I - FINANCIAL INFORMATION		Page No.
Item 1.	Financial Statements	
	<u>Condensed Consolidated Balance Sheets (Unaudited) as of June 28, 2008 and March 29, 2008</u>	3
	<u>Condensed Consolidated Statements of Operations (Unaudited), Three Months Ended June 28, 2008 and June 30, 2007</u>	4
	<u>Condensed Consolidated Statements of Cash Flows (Unaudited), Three Months Ended June 28, 2008 and June 30, 2007</u>	5
	<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	10
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	13
Item 4T.	<u>Controls and Procedures</u>	13
<u>PART II - OTHER INFORMATION</u>		
Item 1.	Legal Proceedings	14
Item 1A.	Risk Factors	14
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	14
Item 3.	Defaults Upon Senior Securities	14
Item 4.	Submission of Matters to a Vote of Security Holders	14
Item 5.	Other information	14
<u>SIGNATURES</u>		15
Item 6.	Exhibits	
	31.1 Certification of CEO pursuant to Section 302 of Sarbanes-Oxley Act.	16
	31.2 Certification of CFO pursuant to Section 302 of Sarbanes-Oxley Act.	17
	32.1 Certification of CEO pursuant to Section 906 of Sarbanes-Oxley Act.	18
	32.2 Certification of CFO pursuant to Section 906 of Sarbanes-Oxley Act.	19

Part I – Financial Information

Item 1 - Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

(In thousands except share data)	June 28, 2008	March 29, 2008
Assets		
Current assets		
Cash and cash equivalents	\$ 1,718	\$ 1,845
Trade accounts receivable, net of allowance of \$115 and \$93, respectively	2,345	2,693
Inventories, net	5,066	5,008
Prepaid expenses and other current assets	489	383
Total current assets	9,618	9,929
Property and equipment, net	369	400
Other assets	16	32
Total assets	\$ 10,003	\$ 10,361
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	\$ 592	\$ 649
Accrued commissions	119	181
Accrued payroll and benefits	636	526
Accrued warranty	196	190
Customer advances	870	646
Income taxes payable	2	---
Other current liabilities	524	606
Total current liabilities	2,939	2,798
Deferred rent	130	171
Total liabilities	3,069	2,969
Shareholders' equity		
Preferred stock of no par value;		
Authorized 1,000,000 shares; no shares outstanding		
at June 28, 2008 and March 29, 2008	---	---
Common stock of no par value;		
Authorized 40,000,000 shares; 4,824,021 shares at		
June 28, 2008 and March 29, 2008 issued and outstanding	13,462	13,398
Accumulated deficit	(6,528)	(6,006)
Total shareholders' equity	6,934	7,392
Total liabilities and shareholders' equity	\$ 10,003	\$ 10,361

See accompanying notes to unaudited condensed consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

THREE MONTHS ENDED

(In thousands except per share data)	June 28, 2008	June 30, 2007
Net sales	\$ 3,488	\$ 4,628
Cost of sales	2,091	2,684
Gross profit	1,397	1,944
Engineering	556	586
Selling, general and administrative	1,364	1,275
Restructuring	---	80
Operating expenses	1,920	1,941
Operating (loss) income	(523)	3