

TAITRON COMPONENTS INC
Form 10-Q
August 15, 2011

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, 2011

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: 0-25844

TAITRON COMPONENTS INCORPORATED
(Exact name of registrant as specified in its charter)

California	95-4249240
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

28040 West Harrison Parkway, Valencia, California	91355-4162
(Address of principal executive offices)	(Zip Code)

(661) 257-6060
(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 ☐

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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.

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 ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding on August 1, 2011
Class A common stock, \$0.001 par value	4,777,144
Class B common stock, \$0.001 par value	762,612

Table of Contents

TABLE OF CONTENTS

	Page
PART I - FINANCIAL INFORMATION	
Item 1.	3
Item 2.	11
Item 3.	13
Item 4.	13
PART II - OTHER INFORMATION	
Item 1.	14
Item 2.	14
Item 3.	14
Item 4.	14
Item 5.	14
Item 6.	14
	15

Table of Contents

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

TAITRON COMPONENTS INCORPORATED

Condensed Consolidated Balance Sheets

	June 30, 2011 (Unaudited)	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	\$2,203,000	\$3,095,000
Restricted cash (Note 4)	200,000	200,000
Trade accounts receivable, net of allowance for doubtful accounts of \$97,000 and \$96,000, respectively	1,133,000	827,000
Inventory, net of reserve for obsolescence of \$4,011,000, and \$3,700,000, respectively	12,325,000	12,414,000
Prepaid expenses and other current assets	93,000	91,000
Total current assets	15,954,000	16,627,000
Property and equipment, net	4,894,000	4,977,000
Other assets (Note 5)	683,000	263,000
Total assets	\$21,531,000	\$21,867,000
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade accounts payable	\$927,000	\$871,000
Accrued liabilities	261,000	351,000
Current portion of long-term debt (Note 6)	-	1,500,000
Total current liabilities	1,188,000	2,722,000
Long-term debt (Note 6)	1,500,000	-
Total liabilities	2,688,000	2,722,000
Commitments and contingencies (Notes 6, 8 and 9)		
Shareholders' equity:		
Preferred stock, \$0.001 par value. Authorized 5,000,000 shares; None issued or outstanding	-	-
Class A common stock, \$0.001 par value. Authorized 20,000,000 shares; 4,777,144 shares issued and outstanding	5,000	5,000
Class B common stock, \$0.001 par value. Authorized, issued and outstanding 762,612 shares	1,000	1,000
Additional paid-in capital	10,608,000	10,605,000
Accumulated other comprehensive income	100,000	87,000
Retained earnings	7,936,000	8,244,000
Noncontrolling interest in subsidiary	193,000	203,000
Total shareholders' equity	18,843,000	19,145,000
Total liabilities and shareholders' equity	\$21,531,000	\$21,867,000

See accompanying notes to condensed consolidated financial statements.

Table of Contents

TAITRON COMPONENTS INCORPORATED

Condensed Consolidated Statements of Operations

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales	\$1,959,000	\$1,776,000	\$3,517,000	\$3,426,000
Cost of goods sold	1,246,000	1,220,000	2,336,000	2,408,000
Gross profit	713,000	556,000	1,181,000	1,018,000
Selling, general and administrative expenses	721,000	652,000	1,505,000	1,248,000
Operating loss	(8,000)	(96,000)	(324,000)	(230,000)
Interest expense, net	(12,000)	(11,000)	(38,000)	(20,000)
Other income, net	14,000	48,000	44,000	90,000
Loss before income taxes	(6,000)	(59,000)	(318,000)	(160,000)
Income tax (provision)benefit	(1,000)	4,000	(2,000)	