

QUALSTAR CORP
Form 10-Q
February 11, 2010

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 December 31, 2009

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 000-30083

QUALSTAR CORPORATION

CALIFORNIA
(State of incorporation)

95-3927330
(I.R.S. Employer Identification No.)

3990-B Heritage Oak Court, Simi Valley, CA 93063
(805) 583-7744

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 website, 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 definition of "accelerated filer," "large 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 Exchange Act Rule 12b-2). Yes

o No p

Total shares of common stock without par value outstanding at December 31, 2009 is 12,253,117.

QUALSTAR CORPORATION
FORM 10-Q
FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2009
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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

QUALSTAR CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	December 31, 2009 (Unaudited)	June 30, 2009 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,463	\$3,749
Marketable securities, short-term	13,888	16,856
Receivables, net of allowances of \$55 at December 31, 2009, and \$85 at June 30, 2009	2,109	2,305
Inventories, net	5,197	5,822
Prepaid expenses and other current assets	360	397
Total current assets	24,017	29,129
Property and equipment, net	301	361
Marketable securities, long-term	8,610	7,056
Other assets	46	46
Total assets	\$32,974	\$36,592
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$552	\$649
Accrued payroll and related liabilities	313	505
Other accrued liabilities	858	894
Total current liabilities	1,723	2,048
Other long term liabilities	34	34
Commitments and contingencies		
Shareholders' equity:		
Preferred stock, no par value; 5,000 shares authorized; no shares issued	—	—
Common stock, no par value; 50,000 shares authorized, 12,253 shares issued and outstanding as of December 31, 2009 and June 30, 2009	18,813	18,798
Accumulated other comprehensive income	79	168
Retained earnings	12,325	15,544
Total shareholders' equity	31,217	34,510
Total liabilities and shareholders' equity	\$32,974	\$36,592

See notes to condensed consolidated financial statements.

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QUALSTAR CORPORATION
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (Unaudited) (In thousands, except per share data)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2009	2008	2009	2008
Net Revenues	\$3,597	\$4,623	\$7,276	\$10,025
Cost of goods sold	2,403	3,149	5,119	6,668
Gross profit	1,194	1,474	2,157	3,357
Operating expenses:				
Research and development	809	765	1,611	1,508
Sales and marketing	624	753	1,168	1,448
General and administrative	645	802	1,316	1,568
Total operating expenses	2,078	2,320	4,095	4,524
Loss from operations	(884)	(846)	(1,938)	(1,167)
Investment Income	86			