

QUALSTAR CORP  
Form 10-Q  
May 14, 2008

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Form 10-Q

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

For the Quarterly Period Ended March 31, 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 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one): Large accelerated filer  Accelerated filer  Non-accelerated filer

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

Total shares of common stock without par value outstanding at March 31, 2008 is 12,253,117.

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QUALSTAR CORPORATION

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2008

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## PART I — FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## QUALSTAR CORPORATION

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

	March 31, 2008 (Unaudited)	June 30, 2007 (Audited)
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 9,705	\$ 7,697
Marketable securities, short-term	9,423	9,574
Receivables, net of allowances of \$111 and \$170 at March 31, 2008, and June 30, 2007, respectively	3,090	3,462
Inventories, net	5,870	5,928
Prepaid expenses and other current assets	521	576
Prepaid income taxes	—	137
Total current assets	28,609	27,374
Property and equipment, net	497	601
Marketable securities, long-term	14,221	15,994
Other assets	94	94
Total assets	\$ 43,421	\$ 44,063
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,008	\$ 654
Accrued payroll and related liabilities	394	455
Other accrued liabilities	1,080	1,113
Total current liabilities	2,482	2,222
Other long-term liabilities	45	—
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 at March 31, 2008 and June 30, 2007	18,676	18,593
Accumulated other comprehensive income (loss)	273	(55)
Retained earnings	21,945	23,303
Total shareholders' equity	40,894	41,841
Total liabilities and shareholders' equity	\$ 43,421	\$ 44,063

See the accompanying notes to these interim 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		Nine Months Ended	
	March 31,		March 31,	
	2008	2007	2008	2007
Net revenues	\$ 5,171	\$ 4,884	\$ 16,552	\$ 14,826
Cost of goods sold	3,385	3,546	11,097	10,552
Gross profit	1,786	1,338	5,455	4,274
Operating expenses:				
Research and development	772	846	2,270	2,352
Sales and marketing	810	659	2,409	2,310
General and administrative	904	764	2,561	2,320
Total operating expenses	2,486	2,269	7,240	6,982
Loss from operations	(700)	(931)	(1,785)	(2,708)
Investment income	378	312	1,215	1,064
Loss before income taxes	(322)	(619)	(570)	(1,644)
Provision for income taxes	—	—	—	—