

LANTRONIX INC
Form 10-Q
November 14, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2006

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: 1-16027

LANTRONIX, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

33-0362767
(I.R.S. Employer
Identification No.)

15353 Barranca Parkway, Irvine, California
(Address of principal executive offices)

92618
(Zip Code)

(949) 453-3990
(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

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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 x No o

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 o

Accelerated filer o

Non-accelerated filer x.

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

As of November 10, 2006, 59,596,957 shares of the Registrant’s common stock were outstanding.

LANTRONIX, INC.

**FORM 10-Q
FOR THE FISCAL QUARTER ENDED
September 30, 2006**

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PART I. FINANCIAL INFORMATION**Item 1. Financial Statements****LANTRONIX, INC.****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2006		June 30, 2006
	(In thousands)		
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 7,687	\$	7,729
Marketable securities	94		88
Accounts receivable, net	2,734		3,087
Inventories, net	9,234		8,113
Contract manufacturers' receivable	681		1,049
Settlements recovery	14,096		15,325
Prepaid expenses and other current assets	553		577
Total current assets	35,079		35,968
Property and equipment, net	1,651		1,589
Goodwill	9,488		9,488
Purchased intangible assets, net	590		610
Officer loans	124		122
Other assets	38		38
Total assets	\$ 46,970	\$	47,815
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>			
Current Liabilities:			
Accounts payable	\$ 9,821	\$	7,865
Accrued payroll and related expenses	1,386		1,596
Warranty reserve	495		693
Accrued settlements	15,153		16,767
Other current liabilities	3,055		3,675
Total current liabilities	29,910		30,596
Long-term liabilities	269		230
Long-term capital lease obligations	174		211
Commitments and contingencies			
Stockholders' equity:			
Common stock	6		6
Additional paid-in capital	183,355		182,857
Accumulated deficit	(167,101)		(166,450)
Accumulated other comprehensive income	357		365
Total stockholders' equity	16,617		16,778
Total liabilities and stockholders' equity	\$ 46,970	\$	47,815

See accompanying notes.

LANTRONIX, INC.**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	Three Months Ended	
	September 30,	
	2006	2005
	(In thousands, except per share data)	
Net revenues (1)	\$ 12,514	\$ 12,240
Cost of revenues (2)	5,907	6,120
Gross profit	6,607	6,120
Operating expenses:		
Selling, general and administrative	5,498	6,072
Research and development	1,718	1,403
Litigation settlement costs	15	-
Amortization of purchased intangible assets	18	2