GIGA TRONICS INC
Form 10-K/A
June 19, 2012

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

FORM 10-K/A3

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended March 26, 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 No. 0-12719

GIGA-TRONICS INCORPORATED
(Exact name of registrant as specified in its charter)

California	94-2656341
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4650 Norris Canyon Road, San Ramon, CA	94583
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (925) 328-4650

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, No par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes [ ] No [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.

Yes [ ] No [X]

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 [X] No [ ]

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

[X]

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	[ ]
Non-accelerated filer	[ ]	Smaller reporting company	[X]
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2).

Yes [ ] No [X]

The aggregate market value of voting and non-voting common equity held by non-affiliates of the Registrant computed by reference to the price at which the common equity was sold or the average bid and asked prices as of September 25, 2010 was $10,462,554.

There were a total of 4,994,157 shares of the Registrant's Common Stock outstanding as of May 18, 2011.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the following documents have been incorporated by reference into the parts indicated:

PART OF FORM 10-K	DOCUMENT
PART III	Registrant's PROXY STATEMENT for its 2011 Annual Meeting of Shareholders to be filed no later than 120 days after the close of the fiscal year ended March 26, 2011.

GIGA-TRONICS INCORPORATED
FORM 10-K/A
EXPLANATORY NOTE

This Amendment No. 3 to the annual report of Giga-tronics Incorporated on Form 10-K/A ("Form 10-K/A" or "Amended Filing") amends our annual report on Form 10-K for the year ended March 26, 2011, which was originally filed on May 19, 2011 ("Original Form 10-K"). This amendment is being filed for the purpose of restating certain amounts in the Selected Financial Data in Item 6, Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7, Financial Statements in Item 8, Controls and Procedures in Item 9A and Exhibits in Item 15.

Subsequent to filing the Company's annual report on Form 10-K, for the year ended March 26, 2011, the Company determined that a full valuation allowance on its deferred tax asset should have been maintained as of March 26, 2011. Management determined that it was necessary to maintain the valuation allowance against its deferred tax assets after considering information that should have been used to measure the positive and negative evidence regarding the ultimate realization of the net deferred tax assets in the original assessment.

Realization of the net deferred tax asset is dependent upon the Company's ability to generate future taxable income. In its reassessment, Management concluded that objective and verifiable negative evidence represented by historic losses outweighed more subjective positive evidence of anticipated future income. As a result, the Company determined it necessary to maintain a full valuation allowance against its net deferred tax asset and is restating its financial statements on this Amended Filing for the year ended March 26, 2011.

The results of this change on the Consolidated Balance Sheet as of March 26, 2011, Consolidated Statement of Operations for the year ended March 26, 2011, and Consolidated Statement of Cash Flows for the year ended March 26, 2011, are discussed under Note 2 to the Consolidated Financial Statements.

The restatement reflects non-cash adjustments and has no effect on previously reported operating income results

Pursuant to the rules of the SEC, Item 15, Part IV has also been amended to contain the currently dated certifications from the company's principal executive officer and principal financial officer as required by Section 302 and 906 of the Sarbanes-Oxley Act of 2002. The certifications of the Company's principal executive officer and principal financial officer are attached to this Amended Filing as Exhibits 31.1, 31.2, and 32.

This Form 10-K/A does not reflect events occurring after the filing of the Original Form 10-K, other than the restatement for the matter discussed above. Accordingly, this Form 10-K/A should be read in conjunction with the Original Form 10-K (except as amended hereby), as well as the Company's other filings subsequent to the filing of the Original Form 10-K, including any amendments to those filings. Concurrent with the Form 10-K/A, the company will file amended Forms 10-Q for the first, second and third quarters of fiscal year ended March 31, 2012.

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial data for the Company's last five fiscal years. This information is derived from the Company's audited consolidated financial statements, unless otherwise stated. This data should be read in conjunction with the consolidated financial statements, related notes, and other financial information included elsewhere in this report.

SELECTED CONSOLIDATED FINANCIAL DATA

Summary of Operations:	Years Ended				
(In thousands except per share data)	As restated March 26, 2011	March 27, 2010	March 28, 2009	March 29, 2008	March 31, 2007
Net sales	$ 21,029	$ 19,057	$ 17,421	$ 18,331	$ 18,048
Gross profit	8,929	8,435	7,504	7,748	7,546
Operating expenses	8,086	7,117	7,914	7,939	9,548
Interest income (expense), net	4	(16)	7	36	108
Pre-tax income (loss) from continuing operations	847	1,302	(403)	(201)	(1,894)
Provision for income taxes	31	2	2	2	1
Income (loss) from continuing operations	816	1,300	(405)	(203)	(1,895)
Income (loss) on discontinued operations, net of income taxes	-	-	75	(31)	28
Net income (loss)	$ 816	$ 1,300	$ (330)	$ (234)	$ (1,867)
Basic earnings (loss) per share:					
From continuing operations	$ 0.17	$ 0.27	$ (0.08)	$ (0.04)	$ (0.40)
On discontinued operations	-	-	0.01	(0.01)	0.01
Net earnings (loss) per share - basic	$ 0.17	$ 0.27	$ (0.07)	$ (0.05)	$ (0.39)
Diluted earnings (loss) per share:					
From continuing operations	$ 0.16	$ 0.26	$ (0.08)	$ (0.04)	$ (0.40)
On discontinued operations	-	-	0.01	(0.01)	0.01
Net earnings (loss) per share - dilutive	$ 0.16	$ 0.26	$ (0.07)	$ (0.05)	$ (0.39)
Shares of common stock - basic	4,935	4,846	4,824	4,813	4,809
Shares of common stock - dilutive	5,040	4,907	4,824	4,813	4,809

Financial Position:	Years Ended				
(In thousands except per share data)	As restated March 26, 2011	March 27, 2010	March 28, 2009	March 29, 2008	March 31, 2007
Current ratio	4.75	2.77	3.14	3.68	3.09
Working Capital	$10,142	$8,683	$7,131	$7,231	$7,280
Total assets	$13,392	$13,919	$10,789	$10,361	$11,161
Shareholders' equity	$10,265	$8,943	$7,332	$7,392	$7,393

Percentage Data:	Years Ended				
(Percentage of net sales)	As restated March 26, 2011	March 27, 2010	March 28, 2009	March 29, 2008	March 31, 2007
Gross profit	42.5 %	44.3 %	43.1 %	42.3 %	41.8 %
Operating expenses	38.5 %	37.3 %	45.4 %	43.3 %	52.9 %
Interest (expense) income, net	0.0 %	(0.1 %)	0.0 %	0.2 %	0.6 %
Pre-tax income (loss) from continuing operations	4.0 %	6.8 %	(2.3 %)	(1.1 %)	(10.5 %)
Income (loss) on discontinued operations, net of income taxes	0.0 %	0.0 %	0.4 %	(0.2 %)	0.2 %
Net income (loss)	3.9 %	6.8 %	(1.9 %)	(1.3 %)	(10.3 %)

SELECTED CONSOLIDATED FINANCIAL DATA

The following is a summary of unaudited results of operations for the fiscal years ended March 26, 2011 and March 27, 2010.

Quarterly Financial Information (Unaudited)	2011(As restated)				
(In thousands except per share data)	First	Second	Third	Fourth	Year
Net sales	$4,701	$4,749	$4,640	$6,939	$21,029
Gross profit	1,933	1,910	2,066	3,020	8,929
Operating expenses	1,876	2,086	2,052	2,072	8,086
Interest (expense) income, net	(1)	1	4	-	4
Pre-tax income (loss) from continuing operations	56	(175)	18	948	847
Provision for income taxes	-	-	-	31	31
Net income (loss)	$56	$(175)	$18	$917	$816
Net earnings (loss) per share - basic	$0.01	$(0.04)	$0.00	$0.18	$0.17
Net earnings (loss) per share - diluted	$0.01	$(0.04)	$0.00	$0.18	$0.16
Shares of common stock - basic	4,901	4,913	4,946	4,982	4,935
Shares of common stock - diluted	5,000	4,913	5,062	5,116	5,040

Quarterly Financial Information (Unaudited)	2010				
(In thousands except per share data)	First	Second	Third	Fourth	Year
Net sales	$4,469	$4,623	$4,784	$5,181	$19,057
Gross profit	2,114	2,113	2,054	2,154	8,435
Operating expenses	1,775	1,734	1,738	1,870	7,117
Interest (expense) income, net	(3)	(6)	(7)	-	(16)
Pre-tax income from continuing operations	335	373	309	285	1,302
Provision for income taxes	2	-	-	-	2
Net income	$333	$373	$309	$285	$1,300
Net earnings per share - basic	$0.07	$0.08	$0.06	$0.06	$0.27
Net earnings per share - diluted	$0.07	$0.08	$0.06	$0.06	$0.26
Shares of common stock - basic	4,824	4,828	4,846	4,887	4,846
Shares of common stock - diluted	4,826	4,844	4,940	5,013	4,907

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion and analysis should be read together with the Company's financial statements and related notes thereto included in Item 8 in this Amendment No. 3 on Form 10-K/A ("Amendment No. 3") and gives effect to the restatement discussed in Note 2 to the Consolidated Financial Statements.

Our business and the associated risks have changed since the date this report was originally filed with the SEC, and we undertake no obligation to update the forward-looking statements contained in this Management's Discussion and Analysis of Financial Condition and Results of Operation. Further, except for the forward-looking statements included in Item 9A, "Controls and Procedures" and under the heading "Restatement of Financial Statements" under this Item 7, all forward-looking statements contained in this Amendment No. 3 on Form 10-K/A to our Annual Report, unless they are specifically otherwise stated to be made as of a different date, are made as of the original filing date of our Annual Report on Form 10-K for the year ended March 26, 2011. This Amendment No. 3 amends and restates the following items of our Form 10-K as affected by the revised valuation allowance against deferred tax assets: (i) Part II, Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operation; (ii) Part II, Item 8 — Financial Statements and Supplementary Data; (iii) Part II, Item 9A — Controls and Procedures; and, (iv) Part IV, Item 15 — Exhibits. All information in our Annual Report on Form 10-K for the fiscal year ended March 26, 2011, as amended by this Amendment No. 3, speaks as of the date of the original filing of our Form 10-K for such period and does not reflect any subsequent information or events, except as expressly noted in this Amendment No. 3.

The following discussion is presented on a consolidated basis, and analyzes our financial condition and results of operations for the years ended March 26, 2011 (as restated) and March 27, 2010.

Unless the context indicates or suggests otherwise reference to "we", "our", "us" and the "Company" in this section refers to the consolidated operations of Giga-tronics Incorporated ("Giga-tronics") and its wholly-owned subsidiary, Microsource Incorporated ("Microsource").

Restatement of Financial Statements

The Company is filing this Amendment No. 3 to its Annual Report on Form 10-K filed with the Securities and Exchange Commission on May 19, 2011. This filing amends and restates our previously reported financial statements for the fiscal year ended March 26, 2011 to reflect a full valuation allowance against its deferred tax assets. Subsequent to filing the Company's annual report on Form 10-K, for the year ended March 26, 2011, the Company determined that a full valuation allowance on its deferred tax asset should have been maintained as of March 26, 2011. Management determined that it was necessary to maintain the valuation allowance against its deferred tax assets after considering information that should have been used to measure the positive and negative evidence regarding the ultimate realization of the net deferred tax assets in the original assessment.

Realization of the net deferred tax asset is dependent upon the Company's ability to generate future taxable income. In its reassessment, Management concluded that objective and verifiable negative evidence represented by historic losses outweighed more subjective positive evidence of anticipated future income. As a result, the Company determined it necessary to maintain a full valuation allowance against its net deferred tax asset, as discussed more fully in Note 2 to the Consolidated Financial Statements.

The result of this change on the Consolidated Balance Sheet as of March 26, 2011, Consolidated Statement of Operations and Consolidated Statement of Cash Flows for the year ended March 26, 2011 is as follows:

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)	As of March 26 2011		
	As reported	Adjustments	As restated
Current deferred income tax	$2,320	$(2,320)	$-
Deferred income tax - long term	$10,936	$(10,936)	$-
Total assets	$26,648	$(13,256)	$13,392
Retained earnings (accumulated deficit)	$9,036	$(13,256)	$(4,220)
Total shareholders' equity	$23,521	$(13,256)	$10,265
Total liabilities and shareholders' equity	$26,648	$(13,256)	$13,392

CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands) — For the year ended March 26 2011

	As reported	Adjustments	As restated
(Benefit) provision for income taxes	$ (13,225)	$ 13,256	$ 31
Net income	$ 14,072	$ (13,256)	$ 816
Earnings per share - basic	$ 2.85	$ (2.68)	$ 0.17
Earnings per share - diluted	$ 2.79	$ (2.63)	$ 0.16

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands) — For the year ended March 26 2011

	As reported	Adjustments	As restated
Net income	$ 14,072	$ (13,256)	$ 816
Accumulated earnings (deficit)	$ 9,036	$ (13,256)	$ (4,220)
Total shareholders' equity	$ 23,521	$ (13,256)	$ 10,265

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands) — For the year ended March 26 2011

	As reported	Adjustments	As restated
Net income	$ 14,072	$ (13,256)	$ 816
Deferred income taxes	$ (13,256)	$ 13,256	$ -
Net cash used in operating activities	$ (1,503)	$ -	$ (1,503)

Overview

Giga-tronics produces instruments, subsystems and sophisticated microwave components that have broad applications in both defense electronics and wireless telecommunications. In 2011 Giga-tronics' business consisted of two operating and reporting segments: Giga-tronics Division and Microsource.

The Company's business is highly dependent on government spending in the defense electronics sector and on the wireless telecommunications market. Defense orders have declined on a year-to-date basis for fiscal 2011 versus fiscal 2010 whereas on a year-to-date basis, commercial orders have improved in fiscal 2011 versus fiscal 2010.

The Company continues to monitor costs, including personnel, facilities and other expenses, to more appropriately align costs with revenues.

Results of Operations

New orders by segment are as follows for the fiscal years ended:

New Orders

(Dollars in thousands)	2011	2010	2009	% change 2011 vs. 2010	% change 2010 vs. 2009
Giga-tronics Division	$14,603	$11,387	$11,599	28 %	(2 %)
Microsource	1,579	7,061	7,399	(78 %)	(5 %)
Total	$16,182	$18,448	$18,998	(12 %)	(3 %)

New orders received in fiscal 2011 decreased 12% to $16,182,000 from the $18,448,000 received in fiscal 2010. New orders decreased primarily due to a decrease in military orders partially offset by an increase in commercial orders.

New orders received in fiscal 2010 decreased 3% to $18,448,000 from the $18,998,000 received in fiscal 2009. New orders decreased primarily due to a decrease in commercial orders.

In fiscal 2011, orders at Giga-tronics Division increased primarily due to an increase in commercial demand for its products whereas orders at Microsource decreased primarily due to a shifting of military orders from fiscal 2011 to fiscal 2012.

In fiscal 2010, orders at Giga-tronics Division decreased primarily due to a decrease in military demand for its products whereas orders at Microsource decreased primarily due to a decrease in commercial demand for its products.

The following table shows order backlog and related information at fiscal year-end:

Backlog				% change	
(Dollars in thousands)	2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Backlog of unfilled orders	$3,649	$8,496	$9,105	(57%)	(7%)
Backlog of unfilled orders shippable within one year	3,333	7,599	6,810	(56%)	12%
Previous fiscal year end (FYE) long term backlog reclassified during year as shippable within one year	1,123	2,414	1,382	(53%)	75%
Net cancellations during year of previous FYE one-year backlog	---	---	---	---	---

The decrease in backlog at year-end 2011 of 57% was primarily due to receiving only the first year of a four-year contract for products installed on military planes.

The decrease in backlog at year-end 2010 of 7% was primarily due to increased shipments.

The allocation of net sales was as follows for the fiscal years shown:

Allocation of Net Sales				% change	
(Dollars in thousands)	2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Commercial	$11,600	$6,743	$6,303	72%	7%
Government / Defense	9,429	12,314	11,118	(23%)	11%
Total	$21,029	$19,057	$17,421	10%	9%

The allocation of net sales by segment was as follows for the fiscal years shown:

Allocation of Net Sales by Segment				% change	
(Dollars in thousands)	2011	2010	2009	2011 vs. 2010	2010 vs. 2009
Giga-tronics Division					
Commercial	$10,281	$4,882	$4,694	111%	4%
Government / Defense	3,665	7,119	6,989	(49%)	2%
Total	$13,946	$12,001	$11,683	16%	3%
Microsource					

Commercial	$1,319	$1,861	$1,609	(29%)	16%
Government / Defense	5,764	5,195	4,129	11%	26%
Total	$7,083	$7,056	$5,738	0%	23%

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Fiscal 2011 net sales were $21,029,000, a 10% increase from the $19,057,000 of net sales in 2010. The increase in sales was primarily due to an increase in commercial shipments. Sales at Giga-tronics Division increased 16% or $1,945,000. Microsource sales increased by $27,000.

Fiscal 2010 net sales were $19,057,000, a 9% increase from the $17,421,000 of net sales in 2009. The increase in sales was primarily due to an increase in military shipments. Sales at Giga-tronics Division increased 3% or $318,000. Microsource sales increased 23% or $1,318,000.

Cost of sales was as follows for the fiscal years shown:

Cost of Sales				% change	
				2011 vs. 2010	2010 vs. 2009
(Dollars in thousands)	2011	2010	2009		
Cost of sales	$12,100	$10,622	$9,917	14%	7%

In fiscal 2011, cost of sales increased 14% to $12,100,000 from $10,622,000 in fiscal 2010, driven primarily by an increase in sales.

In fiscal 2010, cost of sales increased 7% to $10,622,000 from $9,917,000 in fiscal 2009, driven by an increase in sales.

Operating expenses were as follows for the fiscal years shown:

Operating Expenses				% change	
				2011 vs. 2010	2010 vs. 2009
(Dollars in thousands)	2011	2010	2009		
Engineering	$2,159	$1,522	$1,975	42%	(23%)
Selling, general and administrative	5,927	5,595	5,939	6%	(6%)
Total	$8,086	$7,117	$7,914	14%	(10%)

Operating expenses increased $969,000 in fiscal 2011 over 2010 due to an increase of $637,000 in product development expenses excluding NRE costs and an increase of $332,000 in selling, general and administrative expense. The increase in selling, general and administrative expense is a result of higher marketing expense of $239,000 and higher administrative expense of $263,000 offset by lower commission expense of $170,000. The Company recorded $311,000 of share based compensation expense in fiscal 2011.

Operating expenses decreased $797,000 in fiscal 2010 over 2009 due to a decrease of $453,000 in product development expenses excluding NRE costs and a decrease of $344,000 in selling, general and administrative expense. The decrease in selling, general and administrative expense is primarily a result of lower administrative expense of $194,000 and lower commission expense of $158,000. The Company recorded $187,000 of share based compensation expense in fiscal 2010.

Net interest income in 2011 increased by $20,000 due to improved cash management.

Net interest expense in 2010 increased by $21,000 due to bank borrowing on our line of credit throughout the year.

Giga-tronics recorded net income of $816,000 (as restated) or $0.16 (as restated) per fully diluted share for fiscal 2011 versus net income of $1,300,000 or $0.26 per fully diluted share in fiscal 2010.

Giga-tronics recorded net income of $1,300,000 or $0.26 per fully diluted share for fiscal 2010 versus net loss of $330,000 or $0.07 per fully diluted share in fiscal 2009.

Inventories consist of the following:

Net Inventories			% change 2011 vs. 2010
(Dollars in thousands)	2011	2010	
Raw materials	$3,518	$3,337	5 %
Work-in-progress	1,349	1,930	(30 %)
Finished goods	134	128	5 %
Demonstration inventory	385	408	(6 %)
Total	$5,386	$5,803	(7 %)

Inventories decreased by $417,000 at fiscal year end 2011 compared to the prior fiscal year end, primarily due to better management of long lead items and lower safety stock.

Financial Condition and Liquidity

As of March 26, 2011, Giga-tronics had $1,408,000 in cash and cash-equivalents, compared to $3,074,000 as of March 27, 2010.

Working capital for the 2011 fiscal year end was $10,142,000 (as restated), compared to $8,683,000 in 2010 and $7,131,000 in 2009. The increase in working capital at 2011 from 2010 was primarily due to the increase in accounts receivable, and a reduction in the deferred revenue. The increase in working capital at 2010 from 2009 was primarily due to the operating profit in the year, which was previously inventoried. In the fourth quarter, the inventory was liquidated as it was sold. In addition, the Company utilized its lease rent abatement in the fourth quarter. Furthermore, the Company was awarded a contract that provided funding for procurement of inventory.

The Company’s current ratio (current assets divided by current liabilities) at March 26, 2011 was 4.8 (as restated) compared to 2.8 on March 27, 2010 and 3.1 on March 28, 2009. At March 26, 2011 the increase was primarily due to the increase in accounts receivable, and a reduction in the deferred revenue. At March 27, 2010 the decrease was primarily the result of cash received on funded projects. The cash received is recorded equally as an asset and liability, however it results in having a deleterious effect on the ratio.

Cash used in operations amounted to $1,503,000 in 2011. Cash provided by operations amounted to $1,532,000 in 2010. Cash used in operations amounted to $300,000 in 2009. Cash used in operations in 2011 was consumed in fulfillment of customer orders and was pending collection at year end. Cash provided by operations in 2010 was primarily attributed to the operating profit for the year. Cash used in operations in 2009 was primarily attributed to the operating loss for the year.

Additions to property and equipment were $368,000 in 2011 compared to $152,000 in 2010 and $69,000 in 2009. The capital equipment spending in fiscal 2011 was due to an upgrade of capital equipment. The capital equipment spending in fiscal 2010 and 2009 was due to an upgrade of capital equipment enabling the manufacture of new products being released.

Other cash inflows from the sale of common stock in connection with the exercise of stock options in 2011 and 2010 were $195,000 and $124,000, respectively.

Contractual Obligations

The Company leases various facilities under operating leases that expire through December 2016. Total future minimum lease payments under these leases amount to approximately $4,528,000.

The Company leases equipment under capital leases that expire through October 2011. The future minimum lease payments under these leases amount to approximately $108,000.

The Company is committed to purchase certain inventory under non-cancelable purchase orders. As of March 26, 2011, total non–cancelable purchase orders were approximately $1,248,000 through fiscal 2012 and $90,000 beyond fiscal 2012 and were scheduled to be delivered to the Company at various dates through December 2012.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and the results of operations are based upon the consolidated financial statements included in this report and the data used to prepare them. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and management is required to make judgments, estimates and assumptions in the course of such preparation. The Summary of Significant Accounting Policies included with the consolidated financial statements describes the significant accounting policies and methods used in the preparation of the consolidated financial statements. On an ongoing basis, the Company re-evaluates its judgments, estimates and assumptions, including those related to revenue recognition, product warranties, allowance for doubtful accounts, valuation of inventories, valuation allowance on deferred tax assets, product development costs and share based compensation. The Company bases its judgment and estimates on historical experience, knowledge of current conditions, and its beliefs of what could occur in the future considering available information. Actual results may differ from these estimates under different assumptions or conditions. Management of Giga-tronics has identified the following as the Company's critical accounting policies:

Revenue Recognition

Revenues are recognized when there is evidence of an arrangement, delivery has occurred, the price is fixed or determinable, and collectability is reasonably assured. This generally occurs when products are shipped and the risk of loss has passed. Revenue related to products shipped subject to customers' evaluation is recognized upon final acceptance.

Product Warranties

The Company's warranty policy generally provides one to three years of coverage depending on the product. The Company records a liability for estimated warranty obligations at the date products are sold. The estimated cost of warranty coverage is based on the Company's actual historical experience with its current products or similar products. For new products, the required reserve is based on historical experience of similar products until sufficient historical data has been collected on the new product. Adjustments are made as new information becomes available.

Accounts Receivable

Accounts receivable are stated at their net realizable value. The Company has estimated an allowance for uncollectible accounts based on analysis of specifically identified problem accounts, outstanding receivables, consideration of the age of those receivables, and the Company's historical collection experience.

Inventory

Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. The Company periodically reviews inventory on hand to identify and write down excess and obsolete inventory based on estimated product demand.

Income Taxes

Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Future tax benefits are subject to a valuation allowance when management is unable to conclude that its deferred tax assets will more likely than not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible. Management considers both positive and negative evidence and tax planning strategies in making this assessment.

The Company considers all tax positions recognized in its financial statements for the likelihood of realization. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the positions taken or the amounts of the positions that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above, if any, would be reflected as unrecognized tax benefits, as applicable, in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits as a component of the provision for income taxes in the consolidated statements of income.

Product Development Costs

The Company incurs pre-production costs on certain long-term supply arrangements. The costs, which represent non-recurring engineering and tooling costs, are capitalized as other assets and amortized over their useful lives when reimbursable by the customer. All other pre-production and product development costs are expensed as incurred.

Share Based Compensation

The Company has a stock incentive plan that provides for the issuance of stock options and restricted stock to employees and directors. The Company calculates share based compensation expense using a Black-Scholes-Merton option pricing model and records the fair value of awards expected to vest over the requisite service period. In so doing, the Company makes certain key assumptions in making estimates used in the model. The Company believes the estimates used, which are presented in Note 1 of Notes to Consolidated Financial Statements, are appropriate and reasonable.

Off-Balance-Sheet Arrangements

The Company has no other off-balance-sheet arrangements (including standby letters of credit, guaranties, contingent interests in transferred assets, contingent obligations indexed to its own stock or any obligation arising out of a variable interest in an unconsolidated entity that provides credit or other support to the Company), that have or are likely to have a material effect on its financial conditions, changes in financial conditions, revenue, expense, results of operations, liquidity, capital expenditures or capital resources.

Management believes that the Company has adequate resources to meet its anticipated operating and capital expenditure needs for the foreseeable future. Giga-tronics intends to maintain research and development expenditures for the purpose of broadening its product base. From time to time, Giga-tronics considers a variety of acquisition opportunities to also broaden its product lines and expand its markets. Such acquisition activity could also increase the Company's operating expenses and require the additional use of capital resources.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

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CONSOLIDATED BALANCE SHEET

(In thousands except share data)	March 26, 2011 (as restated, see Note 2)	March 27, 2010
Assets		
Current Assets		
Cash and cash equivalents	$1,408	$3,074
Trade accounts receivable, net of allowance of $248 and $95, respectively	5,632	4,332
Inventories, net	5,386	5,803
Prepaid expenses and other current assets	420	383
Total current assets	12,846	13,592
Property and equipment		
Leasehold improvements	490	315
Machinery and equipment	15,565	15,590
Office furniture and fixtures	786	786
Total property and equipment	16,841	16,691
Less accumulated depreciation and amortization	16,311	16,380
Property and equipment, net	530	311
Other assets	16	16
Total assets	$13,392	$13,919
Liabilities and shareholders' equity		
Current liabilities		
Accounts payable	$972	$881
Accrued commission	139	227
Accrued payroll and benefits	455	698
Accrued warranty	200	139
Income taxes payable	30	-
Deferred revenue	586	2,682
Deferred rent	36	-
Capital lease obligations	93	57
Other current liabilities	193	225
Total current liabilities	2,704	4,909
Long term oligation - Deferred rent	413	31
Long term oligation - Capital lease	10	36
Total liabilities	3,127	4,976
Commitments and contingencies	-	-
Shareholders' equity		
Preferred stock of no par value; Authorized 1,000,000 shares; no shares outstanding at March 26, 2011 and March 27, 2010	-	-
Common stock of no par value; Authorized 40,000,000 shares; 4,994,157 shares at March 26, 2011 and 4,891,394 at March 27, 2010 issued and outstanding	14,485	13,979
Retained earnings (accumulated deficit)	(4,220)	(5,036)
Total shareholders' equity	10,265	8,943

Total liabilities and shareholders' equity	$13,392	$13,919

See Accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands except share data)	Years Ended March 26, 2011 (as restated, see Note 2)	March 27, 2010
Net sales	$21,029	$19,057
Cost of sales	12,100	10,622
Gross profit	8,929	8,435
Engineering	2,159	1,522
Selling, general and administrative	5,927	5,595
Total operating expenses	8,086	7,117
Operating income from continuing operations	843	1,318
Interest income (expense), net	4	(16)
Income before income taxes	847	1,302
Provision for income taxes	31	2
Net income	$816	$1,300
Earnings per share - basic	$0.17	$0.27
Earnings per share - diluted	$0.16	$0.26
Shares used in per share calculation:		
Basic	4,935	4,846
Diluted	5,040	4,907

See Accompanying Notes to Consolidated Financial Statements

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CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands except share data)	Shares	Amount	Accumulated Deficit (as restated, see Note 2)	Total (as restated, see Note 2)
Balance at March 28, 2009	4,824,021	$13,668	$(6,336)	$7,332
Net income			1,300	1,300
Share based compensation	-	187	-	187
Stock issuance under stock options plans	67,373	124	-	124
Balance at March 27, 2010	4,891,394	13,979	(5,036)	8,943
Net income			816	816
Share based compensation	-	311	-	311
Stock issuance under stock options plans	102,763	195	-	195
Balance at March 26, 2011	4,994,157	$14,485	$(4,220)	$10,265

See Accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands except share data)	Years Ended March 26, 2011 (as restated, see Note 2)	March 27, 2010
Cash flows from operations:		
Net income	$816	$1,300
Adjustments to reconcile net loss to net cash provided by (used in) operations:		
Net provision for doubtful accounts	153	7
Depreciation and amortization	149	146
Loss on sale of fixed asset	-	1
Share based compensation	311	187
Deferred rent	418	(183)
Changes in operating assets and liabilities:		
Trade accounts receivable	(1,453)	(1,229)
Inventories	417	(394)
Prepaid expenses and other assets	(37)	47
Accounts payable	91	(338)
Accrued commissions	(88)	83
Accrued payroll and benefits	(243)	301
Accrued warranty	61	(38)
Income taxes payable	30	-
Deferred revenue	(2,096)	1,723
Other current liabilities	(32)	(81)
Net cash (used in) provided by operations	(1,503)	1,532
Cash flows from investing activities:		
Proceeds from sales of equipment	-	-
Purchases of property and equipment	(368)	(152)
Net cash used in investing activities	(368)	(152)
Cash flows from financing activities:		
Proceeds from capital lease	10	52
Issuance of common stock	195	124
Net cash provided by financing activities	205	176
Increase (decrease) in cash and cash equivalents	(1,666)	1,556
Beginning cash and cash equivalents	3,074	1,518
Ending cash and cash equivalents	$1,408	$3,074
Supplementary disclosure of cash flow information:		
Cash paid for income taxes	$2	$4
Cash paid for interest	4	21

See Accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of Significant Accounting Policies

The Company The accompanying consolidated financial statements include the accounts of Giga-tronics Incorporated ("Giga-tronics") and its wholly-owned subsidiary, Microsource Incorporated ("Microsource"), collectively the "Company". The Company's corporate office and manufacturing facilities are located in Northern California. Giga-tronics and its subsidiary company design, manufacture and market a broad line of test and measurement equipment used in the development, test, and maintenance of wireless communications products and systems, flight navigational equipment, electronic defense systems, and automatic testing systems. The Company also manufactures and markets a line of test, measurement, and handling equipment used in the manufacturing of semiconductor devices. The Company's products are sold worldwide to customers in the test and measurement and semiconductor industries. The Company currently has no foreign-based operations or material amounts of identifiable assets in foreign countries. Its gross margins on foreign and domestic sales are similar, and all non-U.S. sales are made in U.S. dollars.

Principles of Consolidation The consolidated financial statements include the accounts of Giga-tronics and its wholly- owned subsidiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fiscal Year The Company's financial reporting year consists of either a 52 week or 53 week period ending on the last Saturday of the month of March. Both fiscal year 2011 and 2010 contained 52 weeks. All references to years in the consolidated financial statements relate to fiscal years rather than calendar years.

Reclassifications Certain reclassifications, none of which affected net income, have been made to prior year balances in order to conform to the current year presentation.

Revenue Recognition The Company records revenue when there is persuasive evidence of an arrangement, delivery has occurred, the price is fixed and determinable, and collectability is reasonably assured. This occurs when products are shipped or the customer accepts title transfer. If the arrangement involves acceptance terms, the Company defers revenue until product acceptance is received. On certain large development contracts, revenue is recognized upon achievement of substantive milestones. Determining whether a milestone is substantive is a matter of judgment and that assessment is performed only at the inception of the arrangement. The consideration earned from the achievement of a milestone must meet all of the following for the milestone to be considered substantive:

a. It is commensurate with either of the following:

1. The Company's performance to achieve the milestone
2. The enhancement of the value of the delivered item or items as a result of a specific outcome resulting from the Company's performance to achieve the milestone.

b. It relates solely to past performance.

c. It is reasonable relative to all of the deliverables and payment terms (including other potential milestone consideration) within the arrangement.

Milestones for revenue recognition are agreed upon with the customer prior to the start of the contract and some milestones will be tied to product shipping while others will be tied to design review.

The Company has estimated an allowance for uncollectable accounts based on analysis of specifically identified accounts, outstanding receivables, consideration of the age of those receivables and the Company's historical collection experience. The activity in the reserve account is as follows:

Allowance For Uncollectable Accounts

(Dollars in thousands)	March 26, 2011	March 27, 2010
Beginning balance	$95	$102
Provision for doubtful accounts	154	7
Write-off of doubtful accounts	(1)	(14)
Ending balance	$248	$95

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Accrued Warranty The Company's warranty policy generally provides one to three years of coverage depending on the product. The Company records a liability for estimated warranty obligations at the date products are sold. The estimated cost of warranty coverage is based on the Company's actual historical experience with its current products or similar products. For new products, the required reserve is based on historical experience of similar products until such time as sufficient historical data has been collected on the new product. Adjustments are made as new information becomes available.

Inventories Inventories are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis.

Property and Equipment Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets, which range from three to ten years for machinery and equipment and office fixtures. Leasehold improvements and assets acquired under capital leases are amortized using the straight-line method over the shorter of the estimated useful lives of the respective assets or the lease term.

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such review indicates that the carrying amount of an asset exceeds the sum of its expected future cash flows on an undiscounted basis, the asset's carrying amount would be written down to fair value. Additionally, the Company reports long-lived assets to be disposed of at the lower of carrying amount or fair value less cost to sell. As of March 26, 2011 and March 27, 2010, management believes there has been no impairment of the Company's long-lived assets.

Deferred Rent Rent expense is recognized in an amount equal to the minimum guaranteed base rent plus future rental increases amortized on the straight-line basis over the terms of the leases, including free rent periods.

Income Taxes Income taxes are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Future tax benefits are subject to a valuation allowance when management is unable to conclude that its deferred tax assets will more likely than not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible. Management considers both positive and negative evidence and tax planning strategies in making this assessment.

The Company considers all tax positions recognized in its financial statements for the likelihood of realization. When tax returns are filed, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the positions taken or the amounts of the positions that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50 percent likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above, if any, would be reflected as unrecognized tax benefits, as applicable, in the accompanying consolidated balance sheets along with any associated interest and penalties that would be payable to the taxing authorities upon examination. The Company recognizes accrued interest and penalties, if any, related to unrecognized tax benefits as a component of the provision for income taxes in the consolidated statements of income.

Product Development Costs The Company incurs pre-production costs on certain long-term supply arrangements. The costs, which represent non-recurring engineering and tooling costs, are capitalized as other assets and amortized over their useful life when reimbursable by the customer. All other product development costs are charged to operations as incurred. There were no capitalized pre-production costs included in other assets as of March 26, 2011 and March 27, 2010.

Software Development Costs Development costs included in the research and development of new products and enhancements to existing products are expensed as incurred, until technological feasibility in the form of a working model has been established. To date, completion of software development has been concurrent with the establishment of technological feasibility, and accordingly, no costs have been capitalized.

Share-based Compensation The Company has established the 2000 Stock Option Plan and the 2005 Equity Incentive Plan, which provide for the granting of options for up to 1,400,000 shares of Common Stock. The Company records share-based compensation expense for the fair value of all stock options and restricted stock that are ultimately expected to vest as the requisite service is rendered.

The cash flows resulting from the tax benefits resulting from tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) are classified as a cash flows from financing in the statements of cash flows. These excess tax benefits were not significant for the Company for the fiscal year ended March 26, 2011. There were no excess tax benefits for the fiscal year ended March 27, 2010.

In calculating compensation related to stock option grants, the fair value of each stock option is estimated on the date of grant using the Black-Scholes-Merton option-pricing model and the following weighted-average assumptions:

Years Ended	March 26, 2011		March 27, 2010	
Dividend yield	Zero		Zero	
Expected volatility	101	%	96	%
Risk-free interest rate	1.13	%	1.49	%
Expected term (years)	3.17		3.75	

The computation of expected volatility used in the Black-Scholes-Merton option-pricing model is based on the historical volatility of Giga-tronics' share price. The expected term is estimated based on a review of historical employee exercise behavior with respect to option grants.

The fair value of restricted stock awards is based on the fair value of the underlying shares at the date of the grant. Management makes estimates regarding pre-vesting forfeitures that will impact timing of compensation expense recognized for stock option and restricted stock awards.

Earnings Per Share Basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share incorporate the incremental shares issuable upon the assumed exercise of stock options using the treasury stock method. Antidilutive options are not included in the computation of diluted earnings per share.

Comprehensive Income (Loss) There are no items of comprehensive income other than net income.

Financial Instruments and Concentration of Credit Risk Financial instruments that potentially subject the Company to credit risk consist of cash, cash equivalents and trade accounts receivable. The Company's cash equivalents consist of overnight deposits with federally insured financial institutions. Under Section 343 of the Dodd-Frank Wall Street

Reform and Consumer Protection Act, those funds on deposit are covered by unlimited deposit insurance until December 31, 2012. Concentration of credit risk in trade accounts receivable results primarily from sales to major customers. The Company individually evaluates the creditworthiness of its customers and generally does not require collateral or other security. At March 26, 2011, one customer comprised 64% of consolidated gross accounts receivable primarily due to the timing of the receivable. At March 27, 2010, two customers comprised 14% and 27%, respectively, of consolidated gross accounts receivable.

Fair Value of Financial Instruments The carrying amount for the Company’s cash-equivalents, trade accounts receivable and accounts payable approximates fair market value because of the short maturity of these financial instruments.

Recently Issued Financial Accounting Standards In October 2009, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2009-13, Multiple-Deliverable Revenue Arrangements. The objective of this Update is to address the accounting for multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. Vendors often provide multiple products or services to their customers. Those deliverables often are provided at different points in time or over different time periods. Subtopic 605-25, Revenue Recognition—Multiple-Element Arrangements, establishes the accounting and reporting guidance for arrangements under which the vendor will perform multiple revenue-generating activities. Specifically, this Subtopic addresses how to separate deliverables and how to measure and allocate arrangement consideration to one or more units of accounting. The amendments in this Update are effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company adopted this standard on March 27, 2011 and management does not expect adoption will have a significant impact on the Company's financial condition, operations or cash flows.

In April 2010, the FASB issued Accounting Standards Update No. 2010-17, Revenue Recognition-Milestone Method. The objective of this Update is to provide guidance on defining a milestone and determining when it may be appropriate to apply the milestone method of revenue recognition for research or development transactions. Research or development arrangements frequently include payment provisions whereby a portion or all of the consideration is contingent upon milestone events such as successful completion of phases or achieving a specific result from the research or development efforts. An entity often recognizes these milestone payments as revenue in their entirety upon achieving the related milestone, commonly referred to as the milestone method. The amendments in this Update will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. The Company adopted this standard on March 27, 2011 and management does not expect adoption will have a significant impact on the Company's financial condition, operations or cash flows.

2 Restatement of Financial Statements

This filing amends and restates our previously reported financial statements for the fiscal year ended March 26, 2011 to reflect a full valuation allowance against its deferred tax assets. Subsequent to filing the Company's annual report on Form 10-K, for the year ended March 26, 2011, the Company determined that a full valuation allowance on its deferred tax asset should have been maintained as of March 26, 2011. Management determined that it was necessary to maintain the valuation allowance against its deferred tax assets after considering information that should have been used to measure the positive and negative evidence regarding the ultimate realization of the net deferred tax assets in the original assessment.

Realization of the net deferred tax asset is dependent upon the Company's ability to generate future taxable income. In its reassessment, Management concluded that objective and verifiable negative evidence represented by historic losses outweighed more subjective positive evidence of anticipated future income. As a result, the Company determined it necessary to maintain a full valuation allowance against its net deferred tax asset. See also Note 8 to the Consolidated Financial Statements.

The result of this change on the Consolidated Balance Sheet as of March 26, 2011, Consolidated Statement of Operations and Consolidated Statement of Cash Flows for the year ended March 26, 2011 is as follows:

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)		As of March 26 2011	
	As reported	Adjustments	As restated

Current deferred income tax	$2,320	$(2,320)	$-
Deferred income tax - long term	$10,936	$(10,936)	$-
Total assets	$26,648	$(13,256)	$13,392
Retained earnings (accumulated deficit)	$9,036	$(13,256)	$(4,220)
Total shareholders' equity	$23,521	$(13,256)	$10,265
Total liabilities and shareholders' equity	$26,648	$(13,256)	$13,392

CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands)	For the year ended March 26 2011		
	As reported	Adjustments	As restated
(Benefit) provision for income taxes	$ (13,225)	$ 13,256	$ 31
Net income	$ 14,072	$ (13,256)	$ 816
Earnings per share - basic	$ 2.85	$ (2.68)	$ 0.17
Earnings per share - diluted	$ 2.79	$ (2.63)	$ 0.16

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands)	For the year ended March 26 2011		
	As reported	Adjustments	As restated
Net income	$14,072	$(13,256)	$816
Accumulated earnings (deficit)	$9,036	$(13,256)	$(4,220)
Total shareholders' equity	$23,521	$(13,256)	$10,265

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)	For the year ended March 26 2011		
	As reported	Adjustments	As restated
Net income	$14,072	$(13,256)	$816
Deferred income taxes	$(13,256)	$13,256	$-
Net cash used in operating activities	$(1,503)	$-	$(1,503)

3 Cash and Cash-Equivalents

Cash and cash-equivalents of $1,408,000 and $3,074,000 at March 26, 2011 and March 27, 2010, respectively, consist of overnight deposits.

4 Inventories

Inventories, net of reserves, consist of the following:

(Dollars in thousands)	March 26, 2011	March 27, 2010
Raw materials	$3,518	$3,337
Work-in-progress	1,349	1,930
Finished goods	134	128
Demonstration inventory	385	408
Total	$5,386	$5,803

5 Selling Expenses

Selling expenses consist primarily of commissions paid to various marketing agencies. Commission expense totaled \$565,000 and \$735,000 for fiscal 2011 and 2010, respectively. Advertising costs, which are expensed as incurred, totaled \$98,000 and \$95,000 for fiscal 2011 and 2010, respectively.

6 Significant Customers and Industry Segment Information

The Company has two reportable segments: Giga-tronics Division and Microsource. Giga-tronics Division produces a broad line of test and measurement equipment used in the development, test and maintenance of wireless communications products and systems, flight navigational equipment, electronic defense systems and automatic testing systems and designs, manufactures, and markets a line of switching devices that link together many specific purpose instruments that comprise automatic test systems. Microsource develops and manufactures a broad line of Yttrium, Iron and Garnet (YIG) tuned oscillators, filters and microwave synthesizers, which are used in a wide variety of microwave instruments or devices.

The accounting policies for the segments are the same as those described in the "Summary of Significant Accounting Policies". The Company evaluates the performance of its segments and allocates resources to them based on earnings before income taxes. Segment net sales include sales to external customers. Inter-segment activities are eliminated in consolidation. Assets include accounts receivable, inventories, equipment, cash, deferred income taxes, prepaid expenses and other long-term assets. The Company accounts for inter-segment sales and transfers at terms that allow a reasonable profit to the seller. During the periods reported there were no significant inter-segment sales or transfers.

The Company's reportable operating segments are strategic business units that offer different products and services. They are managed separately because each business utilizes different technology and requires different accounting systems. The Company's chief operating decision maker is considered to be the Company's Chief Executive Officer ("CEO"). The CEO reviews financial information presented on a consolidated basis accompanied by disaggregated information about revenues and pre-tax income by operating segment. The tables below present information for the fiscal years ended in 2011 and 2010.

March 26, 2011 (Dollars in thousands)	Giga-tronics Division (as restated)	Microsource (as restated)	Total (as restated)
Revenue	$13,946	$7,083	$21,029
Interest income, net	-	4	4
Depreciation and amortization	127	22	149
Income (loss) before income taxes	980	(133)	847
Assets	9,917	3,475	13,392

March 27, 2010 (Dollars in thousands)	Giga-tronics Division	Microsource	Total
Revenue	$12,001	$7,056	$19,057
Interest (expense) income, net	(18)	2	(16)
Depreciation and amortization	117	29	146
(Loss) income before income taxes	(30)	1,332	1,302
Assets	7,083	6,836	13,919

The Company's Giga-tronics Division and Microsource segments sell to agencies of the U.S. government and U.S. defense-related customers. In fiscal 2011 and 2010, U.S. government and U.S. defense-related customers accounted for 44% and 62% of sales, respectively. During fiscal 2011, one customer other than U.S. government agencies and their defense contractors accounted for 10% or more of the Company's consolidated revenues at March 26, 2011. During fiscal 2010, no customer other than U.S. government agencies and their defense contractors accounted for 10% of the Company's consolidated revenues at March 27, 2010.

Export sales accounted for 40% and 21% of the Company’s sales in fiscal 2011 and 2010, respectively. Export sales by geographical area are shown below:

(Dollars in thousands)	March 26, 2011	March 27, 2010
Americas	$1,603	$23
Europe	1,148	2,251
Asia	5,477	989
Rest of world	254	702
Total	$8,482	$3,965

7 Earnings per Share

Net income and shares used in per share computations for the years ended March 26, 2011 and March 27, 2010 are as follows:

(In thousands except share data)	March 26, 2011 (as restated)	March 27, 2010
Net income	$816	$1,300
Weighted average:		
Common shares outstanding	4,935	4,846
Potential common shares	105	61
Common shares assuming dilution	5,040	4,907
Net earnings per share of common stock	$0.17	$0.27
Net earnings per share of common stock assuming dilution	$0.16	$0.26
Stock options not included in computation that could potentially dilute basic EPS in the future	636	568
Restricted stock awards not included in computation that could potentially dilute basic EPS in the future	90	-

The number of stock options not included in the computation of diluted earnings per share (EPS) for the periods ended March 26, 2011 and March 27, 2010 reflect stock options where the exercise prices were greater than the average market price of the common shares and are, therefore, antidilutive.

8 Income Taxes

Following are the components of the provision for income taxes:

Years Ended (In thousands)	March 26, 2011 (as restated)	March 27, 2010
Current		
Federal	$29	$---
State	2	2
Total current	31	2
Deferred		
Federal	2,283	442
State	41	72
Total deferred	2,324	514
Change in liability for uncertain tax positions	714	(70)
Change in valuation allowance	(3,038)	(444)
Provision for income taxes	$31	$2

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are as follows:

Year Ended (In thousands)	March 26, 2011 (as restated)		March 27, 2010	
Net operating loss carryforwards	$9,410		$12,059	
Income tax credits	1,426		2,202	
Inventory reserves and additional capitalized costs	1,785		1,688	
Fixed asset depreciation	100		122	
Accrued vacation	117		114	
Accrued warranty	79		55	
Deferred rent	179		---	
Other accrued liabilities	---		---	
Allowance for doubtful accounts	100		38	
Non-qualified stock options	60		14	
State taxes benefit	---		2	
Total deferred tax assets	13,256		16,294	
Valuation allowance	(13,256	)	(16,294	)
Net deferred tax assets	$---		---	

Years Ended (In thousands except percentages)	March 26, 2011 (as restated)				March 27, 2010			
Statutory federal income tax (benefit)	$288		34.0	%	$443		34.0	%
Valuation allowance	(3.038	)	(358.7	)	(444	)	(30.2	)
State income tax, net of federal benefit	49		5.8		76		5.8	
Net operating loss expiration	2,023		238.8		-		-	
Non tax-deductible expenses	72		8.5		52		4.0	
Tax credits	(85	)	(10.0	)	(54	)	(4.1	)
Liability for uncertain tax positions	714		84.3		(70	)	(9.2	)
Other	8		1.0		(1	)	1.5	
Effective income tax	$31		3.7	%	$2		0.7	%

The decrease in valuation allowance from March 27, 2010 to March 26, 2011 was $3,038.000.

As of March 26, 2011, the Company had pre-tax federal net operating loss carryforwards of $24,207,000 and state net operating loss carryforwards of $20,239,000 available to reduce future taxable income. The federal and state net operating loss carryforwards begin to expire from fiscal 2016 through 2029 and from 2014 through 2019, respectively. $1,275,000 of federal net operating loss carryforwards are subject to an annual IRC § 382 limitation of approximately $100,000. At March 26, 2011, the accumulated IRC § 382 losses available for use are approximately $1,098,000. Utilization of net operating loss carryforwards may be subject to annual limitations due to certain ownership change limitations as required by Internal Revenue Code Section 382. The federal income tax credits begin to expire from 2020 through 2029 and state income tax credit carryforwards are carried forward indefinitely.

The Company has recorded a valuation allowance to reflect the estimated amount of deferred tax assets, which may not be realized. The ultimate realization of deferred tax assets is dependent upon generation of future taxable income during the periods in which those temporary differences become deductible. Management considers both positive and negative evidence and tax planning strategies in making this assessment. Based on the historical taxable losses and projections for future taxable income, management recorded a full valuation allowance against the net deferred tax assets.

The Company files U.S federal and California state tax returns. The Company is generally no longer subject to tax examinations for years prior to the fiscal year 2008 for federal purposes and fiscal year 2007 for California purposes, except in certain limited circumstances. The Company does not have any tax audits pending.

A reconciliation of the beginning and ending amount of uncertain tax positions, excluding potential interest and penalties, is as follows:

	Fiscal Year 2011	Fiscal Year 2010
Balance as of beginning of year	120,000	$190,000
Additions based on current year tax positions	34,000	100,000
Reductions for prior year tax positions and lapses of applicable statute	(72,000)	(170,000)
Additions based on prior year tax positions	752,000	---
Balance as of end of year	$834,000	$120,000

The unrecognized tax benefit reduces the "Income tax credits" disclosed in the table of deferred tax assets and liabilities above. The Company has not recorded a liability for any penalties or interest related to the unrecognized tax benefits. The total amount of interest and penalties related to unrecognized tax benefits at March 26, 2011 and March 27, 2010 is not material. The amount of tax benefits that would impact the effective rate, if recognized, is not expected to be material. The Company does not anticipate any significant changes with respect to unrecognized tax benefits within next twelve months.

9 Share-based Compensation and Employee Benefit Plans

Share-based Compensation The Company established the 2000 Stock Option Plan and the 2005 Equity Incentive Plan, each of which provide for the granting of options and restricted stock for up to 1,400,000 shares of common stock at 100% of fair market value at the date of grant, with each grant requiring approval by the Board of Directors of the Company. Options granted vest in one or more installments through 2014 and must be exercised while the grantee is employed by the Company or within a certain period after termination of employment. Options granted to employees shall not have terms in excess of 10 years from the grant date. Holders of options may be granted stock appreciation rights (SAR), which entitle them to surrender outstanding options for a cash distribution under certain changes in ownership of the Company, as defined in the stock option plan. As of March 26, 2011, no SAR's have been granted under the option plan. As of March 26, 2011, the total number of shares of common stock available for issuance is 155,725 under the 2000 and 2005 stock option plans. All outstanding options have a term of five years.

A summary of the changes in stock options outstanding for the years ended March 26, 2011 and March 27, 2010 is presented below:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Terms (Years)	Aggregate Intrinsic Value
Outstanding at March 28, 2009	747,900	$1.91	2.7	$2,795
Granted	320,500	2.07		
Exercised	67,373	1.85		
Forfeited / Expired	133,000	2.46		
Outstanding at March 27, 2010	868,027	$1.89	3.0	$332,127
Granted	140,000	2.41		
Exercised	102,763	1.90		
Forfeited / Expired	20,250	2.18		
Outstanding at March 26, 2011	885,014	$1.96	2.5	$459,708

Exercisable at March 26, 2011	468,514	$1.90	1.5	$276,708
Expected to vest at March 26, 2011	324,068	$2.03	3.5	$142,388

As of March 26, 2011, there was $345,934 of total unrecognized compensation cost related to non-vested options granted under the plans. That cost is expected to be recognized over a weighted average period of 1.12 years. There were 252,224 and 147,349 options vested during the years ended March 26, 2011 and March 27, 2010 respectively. The total fair value of options vested during the years ended March 26, 2011 and March 27, 2010 was $314,017 and $167,954, respectively. Cash received from stock option exercises for the years ended March 26, 2011 and March 27, 2010 was $195,000 and $124,000, respectively.

There were 90,000 restricted stock awards granted during the year ended March 26, 2011 and no restricted stock awards granted during the year ended March 27, 2010. The restricted stock awards are considered fixed awards as the number of shares and fair value are known at the grant date and the fair value at the grant date is amortized over the requisite service period net of estimated forfeitures. The restricted stock awards are performance-based and one-third will vest annually each year through 2013 only if certain sales and profit goals are achieved by the Company. The weighted average grant date fair value of awards granted during the year ended March 26, 2011 was $2.34. No compensation cost was recognized for restricted stock awards because management believes it is not more likely than not that the performance criteria will be met.

Employee Stock Purchase Plan This plan expired in September 2006 and is no longer available.

401(k) Plans The Company has established 401(k) plans which cover substantially all employees. Participants may make voluntary contributions to the plans for up to 100% of their defined compensation. The Company matches a percentage of the participant's contributions in accordance with the plan. Participants vest ratably in Company contributions over a four-year period. Company contributions to the plans for fiscal 2011 and 2010 were approximately $24,000 and $15,000, respectively.

10 Commitments

The Company leases a 47,300 square foot facility located in San Ramon, California, under a twelve-year lease that commenced in April 1994, which was amended on April 1, 2010 and now expires December 31, 2016. The amendment resulted in a reduction of monthly lease costs. The Company leases a 33,400 square foot facility located in Santa Rosa, California, under a twenty-year lease that commenced in July 1993 and was amended in April 2003, to now expire May 31, 2013.

These facilities accommodate all of the Company's present operations. The Company also leases other equipment under operating leases.

Total future minimum lease payments under these leases amount to approximately $4,528,000.

Fiscal year (Dollars in thousands)	
2012	$978
2013	1,000
2014	696
2015	654
2016	677
Thereafter	523
Total	$4,528

The aggregate rental expense was $1,025,000 and $968,000 in fiscal 2011 and 2010, respectively.

The Company leases equipment under capital leases that expire through October 2011. The future minimum lease payments under these leases amount to approximately $108,000.

The Company is committed to purchase certain inventory under non-cancelable purchase orders. As of March 26, 2011, total non–cancelable purchase orders were approximately $1,248,000 through fiscal 2012 and $90,000 beyond fiscal 2012 and were scheduled to be delivered to the Company at various dates through December 2012.

11 Warranty Obligations

The Company records a liability in cost of sales for estimated warranty obligations at the date products are sold. Adjustments are made as new information becomes available. The following provides a reconciliation of changes in the Company's warranty reserve. The Company provides no other guarantees.

(Dollars in thousands)	March 26, 2011	March 27, 2010
Balance at beginning of period	$139	$177
Provision, net	237	84
Warranty costs incurred	(176)	(122)
Balance at end of period	$200	$139

12 Line of Credit

The Company has a secured revolving line of credit with a financial institution for a total borrowing capacity of $1,500,000. The maximum amount that can be borrowed is limited to 80% of trade receivables. Interest is payable at prime plus 1%. The Company is required to comply with certain financial covenants under the arrangement. The Company has re-negotiated a new line of credit effective June 15, 2010, which expires on June 15, 2011. At March 26, 2011, the Company is in compliance with the covenants relating to the line of credit. At March 26, 2011 and March 27, 2010, there was no balance outstanding on the line of credit.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Giga-tronics Incorporated

We have audited the accompanying consolidated balance sheets of Giga-tronics Incorporated (the "Company") as of March 26, 2011 and March 27, 2010 and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Giga-tronics Incorporated as of March 26, 2011 and March 27, 2010, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the March 26, 2011 financial statements have been restated.

/s/ Perry-Smith LLP

San Francisco, California
May 19, 2011 (June 19, 2012 as to the effects
of the restatement discussed in Note 2)

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure controls and procedures

The Company carried out an evaluation, under the supervision and with the participation of the management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness, as of March 26, 2011, of the design and operation of disclosure controls and procedures as defined in Rule 13a-15(e) and 15d-15(e) promulgated under the Exchange Act. Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act, such as this Annual Report on Form 10-K, is recorded, processed, summarized and reported within the time periods specified by the SEC. Disclosure controls and procedures are also designed to ensure that such information is accumulated and communicated to our management, including our Chief Financial Officer and Chief Executive Officer, as appropriate to allow timely decisions regarding required disclosure.

At the time that our Annual Report on Form 10-K for the year ended March 26, 2011 was filed on May 19, 2011, our Chief Executive Officer and then Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 26, 2011. Subsequent to that evaluation, on May 17, 2012, we determined a restatement of the year ended March 26, 2011 Annual Report on Form 10-K/A was required. Accordingly, our management, including our Chief Executive Officer and current acting Chief Financial Officer, re-evaluated our disclosure controls and procedures and concluded that our disclosure controls and procedures were not effective as of March 26, 2011 because of a material weakness in internal control over the assessment of the valuation allowance against deferred tax assets, as discussed below.

Report of Management on Internal Control over Financial Reporting

Management of Giga-tronics is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. The Company's management, under the supervision of the Chief Executive Officer and Chief Financial Officer, has assessed the effectiveness of the Company's internal control over financial reporting as of March 26, 2011. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in Internal Control-Integrated Framework. Our internal control over financial reporting includes policies and procedures designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with United States generally accepted accounting principles and that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

In Management’s Report on Internal Control over Financial Reporting included in our original Annual Report on Form 10-K for the year ended March 26, 2011 filed on May 19, 2011, our management, including our Chief Executive Officer and then Chief Financial Officer, concluded that as of March 26, 2011, the Company’s internal control over financial reporting was effective based on the criteria described in the COSO Internal Control — Integrated Framework.

Subsequent to the original filing on May 19, 2011, management identified the following material weakness in connection with the restatement of the year ended March 26, 2011 financial statements.

The Company has not designed and implemented adequate controls over assessment of the valuation allowance against deferred tax assets in that adequate criteria have not been established to assess positive and negative evidence and that an independent review process over the inputs and conclusion in this assessment was not in place. As a result, a restatement of the financial statements for the year ended March 26, 2011, was necessary to present the financial statements in accordance with generally accepted accounting principles.

A material weakness is a control deficiency, or combination of control deficiencies, that results in a more than remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected.

We have restated our financial statements to reflect a full valuation allowance against our deferred tax assets, more fully discussed in Note 2 to the Consolidated Financial Statements. In connection with the restatement, our management, including our Chief Executive Officer and Chief Financial Officer, has determined that the lack of adequate controls over the assessment of the valuation allowance against deferred tax assets constituted a material weakness in internal control over financial reporting.

Controls relating to the material weakness identified in connection with the restatement of our consolidated financial statements have not been put in place as of March 26, 2011 and Management has thus concluded that the Company did not maintain effective internal control over financial reporting as of March 26, 2011, based on the criteria described in the COSO Internal Control — Integrated Framework.

The revised assessment of the effectiveness of the Company’s internal control over financial reporting as of March 26, 2011, has not been audited by the Company’s independent registered public accounting firm. Securities and Exchange Commission rules permit Annual Report presentation of a management prepared report that is not subject to attestation by an independent registered public accounting firm.

Material Weaknesses in Internal Control Over Financial Reporting

Material Weakness Relating to Internal Control Over the Assessment of the Valuation Allowance against Deferred Tax Assets

There was lack of adequate controls over the assessment of the valuation allowance against deferred tax assets that constituted a material weakness in internal control over financial reporting. The Company has not designed and implemented adequate controls over assessment of the valuation allowance against deferred tax assets in that adequate criteria have not been established to assess positive and negative evidence and that an independent review process over the inputs and conclusion in this assessment was not in place.

Remediation of Material Weaknesses

Remediation of Material Weakness Relating to Internal Control Over the Assessment of the Valuation Allowance against Deferred Tax Assets

The Company is in the process of creating a formal process related to the design and implementation of controls over the assessment of the valuation allowance against deferred tax assets. Management anticipates that controls will include the establishment of criteria for assessing positive and negative evidence and the establishment of an independent review process over the inputs and the conclusion reached in the assessment process. Management expects that this process will include periodic oversight by the Audit Committee of this process. In this regard, the Company has recently added a new board member with accounting expertise.

Changes in internal controls

There were no changes in internal control over financial reporting identified in connection with the evaluation required by Rule 15d-15 that occurred during the year ended March 26, 2011 that has materially affected or is reasonably likely to materially affect, the internal control over financial reporting.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) The following consolidated financial statements of Giga-tronics Incorporated and subsidiaries and the related independent registered public accounting firm are filed herewith:

1. Financial Statements. See Index to Financial Statements on page 18. The financial statements and Report of Independent Registered Public Accounting Firm are included in Item 8 are filed as part of this report.
2. Exhibits. The exhibit list required by this item is incorporated by reference to the Exhibit Index filed with this report.

SIGNATURES

In accordance with the requirements of Section 13 or 15(d) of the Securities Exchange Act, the Registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GIGA-TRONICS INCORPORATED

/s/ JOHN R. REGAZZI
Chief Executive Officer

In accordance with the requirements of the Securities Exchange Act, this Amendment No. 3 to its annual report on Form 10-K/A has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ GARRETT A. GARRETTSON Garrett A. Garrettson	Chairman of the Board of Directors	06/19/2012 Date
/s/ JOHN R. REGAZZI John R. Regazzi	Chief Executive Officer (Principal Executive Officer) and Director	06/19/2012 Date
/s/ FRANK D. ROMEJKO Frank D. Romejko	Vice President of Finance/ Chief Financial Officer (Acting) (Principal Financial Officer)	06/19/2012 Date
/s/ JAMES A. COLE James A. Cole	Director	06/19/2012 Date
/s/ KENNETH A. HARVEY Kenneth A. Harvey	Director	06/19/2012 Date
/s/ LUTZ P. HENCKELS Lutz P. Henckels	Director	06/19/2012 Date
/s/ WILLIAM J. THOMPSON William J. Thompson	Director	06/19/2012 Date

/s/ GORDON ALMQUIST	Director	06/19/2012
Gordon Almquist		Date

The following exhibits are filed by reference or herewith as a part of this report:

INDEX TO EXHIBITS

3.1	Articles of Incorporation of the Registrant, as amended, previously filed as Exhibit 3.1 to Form 10-KSB for the fiscal year ended March 27, 1999 and incorporated herein by reference.
3.2	Amended and Restated Bylaws of Giga-tronics Incorporated, as amended on March 7, 2008, previously filed as Exhibit 3.2 to Form 10-K for the fiscal year ended March 29, 2008, and incorporated herein by reference.
10.1	Standard form Indemnification Agreement for Directors and Officers, previously filed as Exhibit 10.1 to Form 10-K for the fiscal year ended March 27, 2010, and incorporated herein by reference.
10.2	First Amendment to Office Lease Agreement between Giga-tronics Incorporated and VIF/ZKS Norris Tech Center, LLC, for 4650 Norris Canyon Road, San Ramon, CA, dated March 29, 2010, previously filed as Exhibit 10.2 to Form 10-K for the fiscal year ended March 27, 2010, and incorporated herein by reference.
10.3	2000 Stock Option Plan and form of Incentive Stock Option Agreement, previously filed on September 8, 2000 as Exhibit 99.1 to Form S-8 (33-45476) and incorporated herein by reference. *
10.4	2005 Equity Incentive Plan incorporated herein by reference to Attachment A of the Registrant's Proxy Statement filed July 21, 2005. *
21	Significant Subsidiaries. (See page 36 of this Annual Report on Form 10-K.)
23.1	Consent of Independent Registered Public Accounting Firm, Perry-Smith LLP. (See page 37 of this Annual Report on Form 10-K.)
31.1	Certification of Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002. (See page 38 of this Annual Report on Form 10-K.)
31.2	Certification of Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002. (See page 39 of this Annual Report on Form 10-K.)
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (See page 40 of this Annual Report on Form 10-K.)
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (See page 41 of this Annual Report on Form 10-K.)

* Management contract or compensatory plan or arrangement.