

FORWARD INDUSTRIES INC
Form 10-Q
August 19, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2014.

OR

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

For the transition period from ____ to ____.

Commission File Number: 0-6669

FORWARD INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

New York

13-1950672

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(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer Identification No.)

477 Rosemary Ave., Suite 219, West Palm Beach, FL 33401

(Address of principal executive offices, including zip code)

(561) 465-0030

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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.

Large accelerated filer Accelerated filer
 Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

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

The number of shares outstanding of the registrant's common stock, par value \$0.01 per share, on August 1, 2014, which is the latest practical date prior to the filing of this report, was 8,195,808 shares.

Forward Industries, Inc.

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Note Regarding Use of Certain Terms

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the following terms have the meanings assigned to them as set forth below:

we, our, and the Company refer to Forward Industries, Inc., a New York corporation, together with its consolidated subsidiaries;

Forward or Forward Industries refers to Forward Industries, Inc.;

common stock refers to the common stock, \$.01 par value per share, of Forward Industries, Inc.;

Forward US refers to Forward Industries wholly owned subsidiary Forward Industries (IN), Inc., an Indiana corporation;

Forward Switzerland refers to Forward Industries wholly owned subsidiary Forward Industries (Switzerland) GmbH, a Swiss corporation;

Forward UK refers to Forward Industries former wholly owned subsidiary Forward Ind. (UK) Limited, a limited company of England and Wales;

Forward China refers to Forward Industries Asia-Pacific Corporation (f/k/a Seaton Global Corporation), Forward's exclusive sourcing agent in the Asia-Pacific region;

GAAP refers to accounting principles generally accepted in the United States;

Commission refers to the United States Securities and Exchange Commission;

Exchange Act refers to the United States Securities Exchange Act of 1934, as amended;

Fiscal 2013 refers to our fiscal year ended September 30, 2013;

Fiscal 2014 refers to our fiscal year ending September 30, 2014;

Europe refers to the countries included in the European Union;

APAC Region refers to the Asia Pacific Region, consisting of Australia, New Zealand, Hong Kong, Taiwan, China, South Korea, Japan, Singapore, Malaysia, Thailand, Indonesia, India, the Philippines and Vietnam;

Americas refers to the geographic area encompassing North, Central, and South America;

OEM refers to Original Equipment Manufacturer; and

Retail refers to the retail distribution channel.

Note Regarding Presentation of Financial Information

Certain figures included in this Quarterly Report on Form 10-Q have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS**

Forward Industries, Inc.

CONSOLIDATED BALANCE SHEETS

	June 30, 2014 (Unaudited)	September 30, 2013 (Note 1)
Assets:		
Current assets:		
Cash and cash equivalents.....	\$7,013,700	\$6,616,995
Marketable securities.....	1,256,778	1,080,747
Accounts receivable	5,467,087	4,382,406
Inventories.....	2,396,687	2,050,710
Prepaid expenses and other current assets.....	537,191	390,153
Assets of discontinued operations.....	281,177	339,382
Total current assets.....	16,952,620	14,860,393
Property and equipment, net.....	97,800	129,987
Other assets.....	69,310	40,493
Total Assets	\$17,119,730	\$15,030,873
Liabilities and shareholders equity		
Current liabilities:		
Accounts payable.....	\$1,158,057	\$3,433,408
Due to Forward China.....	4,267,782	107,785
Accrued expenses and other current liabilities.....	723,902	1,270,457
Liabilities of discontinued operations.....	7,421	25,438
Total current liabilities.....	6,157,162	4,837,088
Other liabilities.....	34,306	82,811
Total Liabilities	6,191,468	4,919,899
6% Senior Convertible Preferred Stock, par value \$0.01 per share; 1,500,000 shares authorized; 648,846 shares issued and outstanding (aggregate liquidation value of \$1,275,000).....	804,018	716,664
Commitments and contingencies		
Shareholders equity:		
Preferred stock, par value \$0.01 per share; 4,000,000 shares authorized;		
2,400,000 undesignated; no undesignated shares issued and outstanding..	--	--
Series A Participating Preferred stock, par value \$0.01; 100,000 authorized; no shares issued and outstanding.....	--	--
	89,022	

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Common stock, par value \$0.01 per share; 40,000,000 shares authorized, 8,902,218 and 8,819,095 shares issued; and 8,195,808 and 8,112,685 shares outstanding, respectively.....		88,191
Additional paid-in capital.....	18,767,535	17,965,327
Treasury stock, 706,410 shares at cost.....	(1,260,057)	(1,260,057)
Accumulated deficit.....	(7,452,949)	(7,378,700)
Accumulated other comprehensive loss.....	(19,307)	(20,451)
Total shareholders equity.....	10,124,244	9,394,310
Total liabilities and shareholders equity.....	\$17,119,730	