

May 3, 2011



## Giga-tronics Reports Fourth Quarter and FY 2011 Results

SAN RAMON, Calif., May 3, 2011 (GLOBE NEWSWIRE) -- Giga-tronics Incorporated (Nasdaq:GIGA) reported today a net income of \$536,000 or \$0.10 per fully diluted share for the fourth quarter ended March 26, 2011. This compares with a net income of \$285,000 or \$0.06 per fully diluted share for the same period a year ago. For comparative purposes, pre-tax income was \$948,000 versus \$285,000 for the fourth quarter of fiscal 2011 and 2010, respectively. Net sales increased 34% to \$6,939,000 in the fourth quarter of fiscal 2011 compared to \$5,181,000 in the fourth quarter of fiscal 2010. Gross margin of \$3,020,000 increased by \$866,000 over the same quarter last year. Gross margin as a percentage of net sales increased by 1.9% to 43.5% in the fourth quarter of fiscal 2011 as compared to 41.6% in the fourth quarter of fiscal 2010. Operating expenses increased 11% or \$202,000 in the fourth quarter of fiscal 2011 over the fourth quarter of fiscal 2010. Orders decreased 2% in the fourth quarter of fiscal 2011 to \$3,272,000 from \$3,350,000 for the fourth quarter of fiscal 2010.

Net income for the year ended March 26, 2011 was \$14,072,000 or \$2.79 per fully diluted share. This compares with a net income of \$1,300,000 or \$0.26 per fully diluted share for the same period a year ago. It should be noted that in the first quarter of FY 2011 the Company reversed the valuation allowance against the deferred tax asset, resulting in an income tax benefit of \$13,569,000. Net sales increased 10% to \$21,029,000 in the twelve month period ended March 26, 2011 compared to \$19,057,000 for the same period a year ago. Gross margin of \$8,929,000 increased by \$494,000 over the same twelve month period last year. Gross margin as a percentage of net sales decreased by 1.8% to 42.5% for the fiscal year 2011 as compared to 44.3% for the fiscal year 2010. Operating expenses increased by 14% or \$969,000 for the fiscal year 2011 primarily due to an increase of \$637,000 in engineering expenses. Orders decreased 12% for the twelve months ended March 26, 2011 to \$16,182,000 compared to \$18,448,000 for the same period last year.

Backlog at March 26, 2011 was \$3.6 million (approximately \$3.3 million shippable within one year) as compared to \$8.5 million (approximately \$7.6 million shippable within one year) at March 27, 2010.

Cash and cash equivalents at March 26, 2011 were \$1,408,000 compared to \$2,786,000 as of December 25, 2010.

Giga-tronics will host a conference call today at 4:30 p.m. ET to discuss the fourth quarter results. To participate in the call, 866-551-3680 domestically or 212-401-6760 for international, and enter PIN Code 6391960#. The call will also be broadcast over the internet at [www.gigatronics.com](http://www.gigatronics.com) under "Investor Relations". The conference call discussion reflects management's views as of May 3, 2011.

Giga-tronics is a publicly held company, traded on the NASDAQ Capital Market under the

symbol "GIGA". Giga-tronics produces instruments, subsystems and sophisticated microwave components that have broad applications in defense electronics, aeronautics and wireless telecommunications.

The Giga-tronics Incorporated logo is available at  
<https://www.globenewswire.com/newsroom/prs/?pkgid=6087>

This press release contains forward-looking statements concerning profitability, backlog and shipments. Actual results may differ significantly due to risks and uncertainties, such as future orders, cancellations or deferrals, disputes over performance, the ability to collect receivables and general market conditions. For further discussion, see Giga-tronics' most recent annual report on Form 10-K for the fiscal year ended March 26, 2011, Part I, under the heading "Certain Factors Which May Adversely Affect Future Operations or an Investment in Giga-tronics" and Part II, under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations".

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Trade accounts receivable, net of .

Pr.

Authorized 1,000,000 shares; no shares outstandi.

Authorized 40,000,000 shares; 4,994,157 shares at March 26, 2011 and 4,891,394 a

Tot.

(In thousands except per-share data)		March 26,
2011	March 27,	
2010	March 26,	
2011	March 27,	
2010		
	Net sales	\$ 6,939
	Cost of sales	3,919
	Gross margin	3,020
	Engineering	551
Selling, general and administrative		1,521
Total operating expenses		2,072
	Operating income	948
	Other income, net	--
Interest income (expense), net		--
Income before income taxes		948
Provision (benefit) for income taxes		412
Net income		\$ 536
	Earnings per share - basic	\$ 0.11
	Earnings per share - diluted	\$ 0.10
Shares used in per share calculation:		
	Basic	4,982
	Diluted	5,116

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Image: company logo

Source: Giga-tronics Incorporated