SIGMATRON INTERNATIONAL INC
Form 10-K
August 14, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

x **Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.**
For the fiscal year ended April 30, 2012.

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 0-23248

SIGMATRON INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware	**36-3918470**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

2201 Landmeier Rd., Elk Grove Village, IL	**60007**
(Address of principal executive offices)	**(Zip Code)**

Registrant s telephone number, including area code: 847-956-8000

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

Title of each class	Name of each exchange on which registered
Common Stock $0.01 par value per share	**The NASDAQ Capital Market**

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 x No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ¨ Yes x No

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. x Yes ¨ 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 (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x 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 definition of accelerated filer large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer	¨	Accelerated filer	¨
Non-accelerated	¨	Smaller reporting company	x

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

The aggregate market value of the voting common equity held by non-affiliates of the registrant as of October 31, 2011 (the last business day of the registrant s most recently completed second fiscal quarter) was $12,631,394 based on the closing sale price of $3.74 per share as reported by Nasdaq Capital Market as of such date.

The number of outstanding shares of the registrant s Common Stock, as of August 14, 2012 was 3,930,402.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections or portions of the definitive proxy statement of SigmaTron International, Inc., for use in connection with its 2012 annual meeting of stockholders, which the Company intends to file within 120 days of the fiscal year ended April 30, 2012, are incorporated by reference into Part III of this Form 10-K.

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PART I

ITEM 1. BUSINESS

CAUTIONARY NOTE:

In addition to historical financial information, this discussion of the business of SigmaTron International, Inc. (SigmaTron), its wholly-owned subsidiaries Standard Components de Mexico S.A., AbleMex, S.A. de C.V., and SigmaTron International Trading Co., wholly-owned foreign enterprises Wujiang SigmaTron Electronics Co., Ltd. and SigmaTron Electronic Technology Co., Ltd. (collectively, SigmaTron China) and international procurement office SigmaTron Taiwan branch (collectively, the Company) and other Items in this Annual Report on Form 10-K contain forward-looking statements concerning the Company s business or results of operations. Words such as continue, anticipate, will, expec believe, plan, and similar expressions identify forward-looking statements. These forward-looking statements are based on the current expectations of the Company. Because these forward-looking statements involve risks and uncertainties, the Company s plans, actions and actual results could differ materially. Such statements should be evaluated in the context of the risks and uncertainties inherent in the Company s business including, but not necessarily limited to, the Company s continued dependence on certain significant customers; the continued market acceptance of products and services offered by the Company and its customers; pricing pressures from our customers, suppliers and the market; the activities of competitors, some of which may have greater financial or other resources than the Company; the variability of our operating results; the results of long-lived assets impairment testing; the variability of our customers requirements; the availability and cost of necessary components and materials; the ability of the Company and our customers to keep current with technological changes within our industries; regulatory compliance; the continued availability and sufficiency of our credit arrangements; changes in U.S., Mexican, Chinese, Vietnamese or Taiwanese regulations affecting the Company s business; the turmoil in the global economy and financial markets; the stability of the U.S., Mexican, Chinese, Vietnamese and Taiwanese economic, labor and political systems and conditions; currency exchange fluctuations; and the ability of the Company to manage its growth, including its integration of the Spitfire Controls operation acquired in May 2012; including integration of Spitfire s financial statements with the Company s statements. These and other factors which may affect the Company s future business and results of operations are identified throughout the Company s Annual Report on Form 10-K and as risk factors and may be detailed from time to time in the Company s filings with the Securities and Exchange Commission. These statements speak as of the date of such filings, and the Company undertakes no obligation to update such statements in light of future events or otherwise unless otherwise required by law.

Overview

SigmaTron is a Delaware corporation, which was organized on November 16, 1993, and commenced operations when it became the successor to all of the assets and liabilities of SigmaTron L.P., an Illinois limited partnership, through a reorganization on February 8, 1994.

The Company operates in one business segment as an independent provider of electronic manufacturing services (EMS), which includes printed circuit board assemblies and completely assembled (box-build) electronic products. In connection with the production of assembled products, the Company also provides services to its customers, including (1) automatic and manual assembly and testing of products; (2) material sourcing and procurement; (3) design, manufacturing and test engineering support; (4) warehousing and shipment services; and (5) assistance in obtaining product approval from governmental and other regulatory bodies. The Company provides these manufacturing services through an international network of facilities located in the United States, Mexico, China and Taiwan.

The Company provides manufacturing and assembly services ranging from the assembly of individual components to the assembly and testing of box-build electronic products. The Company has the ability to produce assemblies requiring mechanical as well as electronic capabilities. The products assembled by the Company are then incorporated into finished products sold in various industries, particularly appliance, consumer electronics, gaming, fitness, industrial electronics, medical/life sciences, semiconductor, telecommunications and automotive.

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The Company operates manufacturing facilities in Elk Grove Village, Illinois; Union City, California; Acuna and Tijuana, Mexico; and Suzhou-Wujiang, China. In addition, the Company maintains materials sourcing offices in Elk Grove Village, Illinois; Union City, California; and Taipei, Taiwan and also has warehouses in Del Rio, Texas.

In an effort to facilitate the growth of our China operation, the Company established a new Chinese entity in October 2011 that allows the Company to provide services competitively to the domestic market in China. Nonetheless, during fiscal year 2012, the Company continued to see a trend of Chinese costs increasing, thereby making Mexico a more competitive manufacturing location to service North America. Indications suggest that this trend will continue. We feel the Company s international footprint provides our customers with flexibility within the Company to manufacture in China or Mexico or both. We believe this strategy has continued to serve the Company well during these difficult economic times as its customers continuously evaluate their supply chain strategies.

The Company expects continuing pressures on margins until the economy starts a sustained recovery. The Company is hopeful to see that start during fiscal year 2013. Until that time, the Company will carefully manage its cost structure. We will also work on integrating Spitfire into SigmaTron, which the Company believes will ultimately improve our economies of scale and provide new revenue opportunities.

On May 31, 2012, SigmaTron acquired certain assets and assumed certain liabilities of Spitfire Controls, Inc. (Spitfire). Spitfire is a privately held Illinois corporation headquartered in Carpentersville, Illinois with captive manufacturing sites in Chihuahua, Mexico and suburban Ho Chi Minh City, Vietnam. Both manufacturing sites were among the assets acquired by the Company. Spitfire was an original equipment manufacturer (OEM) of electronic controls, with a focus on the major appliance (white goods) industry. Although North America is currently its primary market, Spitfire has applications that can be used worldwide. Providing manufacturing solutions for Spitfire since 1994, SigmaTron has been a strategic partner to Spitfire as it developed its OEM electronic controls business.

Spitfire provides cost effective designs as control solutions for its customers, primarily in high volume applications of domestic cooking ranges, dishwashers, refrigerators, and portable appliances. Spitfire is a member of the Association of Home Appliance Manufacturers (AHAM), as well as other industry related trade associations and is ISO 9001-2008 certified. In addition, Spitfire s design capabilities will allow the Company to offer design services for the first time in specific markets.

Products and Services

The Company provides a broad range of manufacturing related outsourcing solutions for its customers on both a turnkey basis (material purchased by the Company) and consignment basis (material provided by the customer). These solutions incorporate the Company s knowledge and expertise in the EMS industry to provide its customers with advanced manufacturing technologies and high quality, responsive and flexible manufacturing services. The Company s EMS solutions provide services from product inception through the ultimate delivery of a finished good. Such technologies and services include the following:

Supply Chain Management. The Company is primarily a turnkey manufacturer and directly sources all, or a substantial portion, of the components necessary for its product assemblies, rather than receiving the raw materials from its customers on consignment. Turnkey services involve a greater investment in resources and an increased inventory risk compared to consignment services. Supply chain management includes the purchasing, management, storage and delivery of raw components required for the manufacture or assembly of a customer s product based upon the customer s orders. The Company procures components from a select group of vendors which meet its standards for timely delivery, high quality and cost effectiveness, or as directed by its customers. Raw materials used in the assembly and manufacture of printed circuit boards and electronic assemblies are generally available from several suppliers, unless restricted by the customer. The Company does not enter into long-term purchase agreements with the majority of its major or single-source suppliers. The Company believes short-term purchase orders with its suppliers provide the flexibility needed to source inventory based on the needs of its customers.

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The Company believes that its ability to source and procure competitively priced, quality components is critical to its ability to effectively compete. In addition to obtaining materials in North America, the Company uses its international procurement office (IPO) in Taiwan and agents to source materials from the Far East. The Company believes its IPO allows it to more effectively manage its relationships with key suppliers in the Far East by permitting it to respond more quickly to changes in market dynamics, including fluctuations in price, availability and quality.

Assembly and Manufacturing. The Company s core business is the assembly of printed circuit board assemblies through the automated and manual insertion of components onto raw printed circuit boards. The Company offers its assembly services using both pin-through-hole (PTH) and surface mount (SMT) interconnect technologies at all of its manufacturing locations. SMT is an assembly process which allows the placement of a higher density of components directly on both sides of a printed circuit board. The SMT process is an advancement over the mature PTH technology, which normally permits electronic components to be attached to only one side of a printed circuit board by inserting the component into holes drilled through the board. The SMT process allows OEMs advanced circuitry, while at the same time permitting the placement of a greater number of components on a printed circuit board without having to increase the size of the board. By allowing increasingly complex circuits to be packaged with the components in closer proximity to each other, SMT greatly enhances circuit processing speed, and, thus, board and system performance.

The Company performs PTH assembly both manually and with automated component insertion and soldering equipment. Although SMT is a more sophisticated interconnect technology, the Company intends to continue providing PTH assembly services for its customers as the Company s customers continue to require both PTH and SMT capabilities. The Company is also capable of assembling fine pitch and ball grid array (BGA) components. BGA is used for more complex circuit boards required to perform at higher speeds.

Manufacturing and Related Services. The Company offers comprehensive production and testing capabilities across all business units to standardize processes and procedures. Each of its sites is linked together using the same ERP system and real-time on-line visibility.

The Company is strategically located to support our customers with their New Product Introduction (NPI), Prototypes to Volume Production. With locations in Elk Grove Village, Illinois; Union City, California; Acuna and Tijuana, Mexico; Del Rio, Texas; Suzhou-Wujiang, China; and Taipei, Taiwan, the Company is able to support our customers needs with our broad range of services including design for manufacturability (DFM), design for testability (DFT), printed circuit board assemblies, test, box-build, and system integration. The Company offers original design manufacturing (ODM) services of electronic controls in the major appliance industry. The Company s ability to transition manufacturing to a lower cost region without jeopardizing flexibility and service differentiate it from the competition. Manufacturing certifications include ISO 9001:2008, medical ISO 13485:2003, Aerospace AS9100B and International Traffic in Arms Regulations (ITAR) certifications.

Product Testing. The Company has the ability to perform both in-circuit and functional testing of its assemblies and finished products. In-circuit testing verifies that the correct components have been properly inserted and that the electrical circuits are complete. Functional testing determines if a board or system assembly is performing to customer specifications. The Company seeks to provide customers with highly sophisticated testing services that are at the forefront of current test technology.

Warehousing and Distribution. In response to the needs of select customers, the Company has the ability to provide in-house warehousing, shipping and receiving and customer brokerage services in Del Rio, Texas for goods manufactured or assembled in Acuna, Mexico. The Company also has the ability to provide custom-tailored delivery schedules and services to fulfill the just-in-time inventory needs of its customers.

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Markets and Customers

The Company s customers are in the appliance, gaming, industrial electronics, fitness, medical/life sciences, semiconductor, telecommunications and consumer electronics industries. As of April 30, 2012, the Company had approximately 100 active customers ranging from Fortune 500 companies to small, privately held enterprises.

The following table shows, for the periods indicated, the percentage of net sales to the principal end-user markets it serves.

Markets	Typical OEM Application	Percent of Net Sales Fiscal 2011 %	Fiscal 2012 %
Industrial Electronics	Motor controls, power supplies, lighting ballasts, scales, joysticks	34.0	40.4
Appliances	Household appliance controls	37.3	32.9
Fitness	Treadmills, exercise bikes, cross trainers	16.0	14.0
Semiconductor Equipment	Process control and yield management equipment for semiconductor productions	2.9	3.5
Gaming	Slot machines, lighting displays	4.3	3.2
Telecommunications	Routers, communication	3.2	2.7
Consumer Electronics	Battery backup sump pumps, electric bikes	0.8	1.8
Medical/Life Sciences	Clinical diagnostic systems and instruments	1.5	1.5
Total		100%	100%

For the fiscal year ended April 30, 2012, Spitfire and Life Fitness, Inc. accounted for 21.0% and 14.0%, respectively, of the Company s net sales. For the fiscal year ended April 30, 2011, Spitfire and Life Fitness, Inc. accounted for 24.0% and 16.0%, respectively, of the Company s net sales. As discussed above, on May 31, 2012, the Company acquired Spitfire. The Company will begin selling to Spitfires customers directly and will discontinue selling to Spitfire. Although the Company does not have a long term contract with Life Fitness, nevertheless, the Company expects that Life Fitness will continue to account for a significant percentage of the Company s net sales, although the percentage of net sales may vary from period to period.

Sales and Marketing

The Company markets its services through 13 independent manufacturers representative organizations that together currently employ approximately 38 sales personnel in the United States and Canada. Independent manufacturers representatives organizations receive variable commissions based on orders received by the Company and are assigned specific accounts, not territories. Many of the members of the Company s senior management are actively involved in sales and marketing efforts, and the Company has 6 direct sales employees.

Sales can be a misleading indicator of the Company s financial performance. Sales levels can vary considerably among customers and products depending on the type of services (consignment versus turnkey) rendered by the Company and the demand by customers. Consignment orders require the Company to perform manufacturing services on components and other materials supplied by a customer, and the Company charges only for its labor, overhead and manufacturing costs, plus a profit. In the case of turnkey orders, the Company provides, in addition to manufacturing services, the components and other materials used in assembly. Turnkey

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contracts, in general, have a higher dollar volume of sales for each given assembly, owing to inclusion of the cost of components and other materials in net sales and cost of goods sold. Variations in the number of turnkey orders compared to consignment orders can lead to significant fluctuations in the Company s revenue and gross margin levels. Consignment orders accounted for less than 5% of the Company s revenues for each of the fiscal years ended April 30, 2012 and 2011.

In the past, the timing of production and delivery of orders, primarily at the instance of its customers, has caused the Company to experience significant quarterly fluctuations in its revenue and earnings, and the Company expects such fluctuations to continue.

Mexico and China Operations

The Company s wholly-owned subsidiary, Standard Components de Mexico, S.A, a Mexican corporation, is located in Acuna, Coahuila Mexico, a border town across the Rio Grande River from Del Rio, Texas, and is 155 miles west of San Antonio. Standard Components de Mexico, S.A. was incorporated and commenced operation in 1968 and had 752 employees at April 30, 2012. The Company s wholly-owned subsidiary, AbleMex S.A. de C.V., a Mexican corporation, is located in Tijuana, Baja California Mexico, a border town south of San Diego, California. AbleMex S.A. de C.V. was incorporated and commenced operations in 2000. The operation had 151 employees at April 30, 2012. The Company believes that one of the key benefits to having operations in Mexico is its access to cost-effective labor resources while having geographic proximity to the United States.

The Company s wholly-owned foreign enterprises, Wujiang SigmaTron Electronics Co., Ltd. and SigmaTron Electronic Technology Co., Ltd., are located in Wujiang, China. Wujiang is located approximately 15 miles south of Suzhou, China and 60 miles west of Shanghai, China. The Company has entered into an agreement with governmental authorities in the economic development zone of Wujiang, Jiangsu Province, Peoples Republic of China, pursuant to which the Company became the lessee of a parcel of land of approximately 100 Chinese acres. The term of the land lease is 50 years. The Company built a manufacturing plant, office space and dormitories on this site during 2004. The manufacturing plant and office space is approximately 80,000 square feet, which can be expanded if conditions require. SigmaTron China operates at this site as the Company s wholly-owned foreign enterprise. At April 30, 2012, this operation had 316 employees.

The Company provides funds for salaries, wages, overhead and capital expenditure items as necessary to operate its wholly-owned Mexican and Chinese subsidiaries and the Taiwan procurement branch. The Company provides funding in U.S. dollars, which are exchanged for Pesos, Renminbi, and New Taiwan dollars as needed. The fluctuation of currencies from time to time, without an equal or greater increase in inflation, could have a material impact on the financial results of the Company. The impact of currency fluctuation for the fiscal year ended April 30, 2012 resulted in a foreign currency gain of approximately $134,000. In fiscal year 2012, the Company s U.S. operations paid approximately $17,000,000 to its foreign subsidiaries for services provided. During fiscal year 2012, the Company received a distribution of approximately $1,221,222 from a foreign subsidiary based in Mexico. The Company does not anticipate any material U.S. income tax on the distribution as the earnings were previously subject to U.S. tax. This distribution from the foreign subsidiary based in Mexico does not change the Company s intentions to indefinitely reinvest the income from the Company s foreign subsidiaries. The Company s intent is to keep unrepatriated funds indefinitely reinvested outside of the United States and current plans do not demonstrate a need to fund U.S. operations. It is not practicable to estimate the amount of additional taxes that may be payable upon distribution.

The consolidated financial statements as of April 30, 2012 include the accounts and transactions of SigmaTron, its wholly-owned subsidiaries, Standard Components de Mexico, S.A. and AbleMex S.A. de C.V., SigmaTron International Trading Co., its wholly-owned foreign enterprises Wujiang SigmaTron Electronics Co., Ltd. and SigmaTron Electronic Technology Co., Ltd., and its procurement branch, SigmaTron Taiwan. The functional currency of the Mexican subsidiaries, Chinese foreign enterprise and Taiwanese procurement branch is the U.S. dollar. Intercompany transactions are eliminated in the consolidated financial statements.

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Competition

The EMS industry is highly competitive and subject to rapid change. Furthermore, both large and small companies compete in the industry, and many have significantly greater financial resources, more extensive business experience and greater marketing and production capabilities than the Company. The significant competitive factors in this industry include price, quality, service, timeliness, reliability, the ability to source raw components, and manufacturing and technological capabilities. The Company believes it can competitively address all of these factors.

Consolidation

As a result of consolidation and other transactions involving competitors and other companies in the Company s markets, the Company occasionally reviews potential transactions relating to its business, products and technologies. Such transactions could include mergers, acquisitions, strategic alliances, joint ventures, licensing agreements, co-promotion agreements, financing arrangements or other types of transactions. In the future, the Company may choose to enter into these types of or other transactions at any time depending on available sources of financing, and such transactions could have a material impact on the Company s business, financial condition or operations.

On May 31, 2012, SigmaTron acquired certain assets and assumed certain liabilities of Spitfire. Spitfire is a privately held Illinois corporation headquartered in Carpentersville, Illinois with captive manufacturing sites in Chihuahua, Mexico and suburban Ho Chi Minh City, Vietnam. Both manufacturing sites were among the assets acquired by the Company. Spitfire was an OEM of electronic controls, with a focus on the major appliance (white goods) industry. Although North America is currently its primary market, Spitfire has applications that can be used worldwide. Providing manufacturing solutions for Spitfire since 1994, SigmaTron has been a strategic partner to Spitfire as it developed its OEM electronic controls business.

Governmental Regulations

The Company s operations are subject to certain foreign, federal, state and local regulatory requirements relating to, among others, environmental, waste management, labor and health and safety matters. Management believes that the Company s business is operated in material compliance with all such regulations. Effective mid-2006, the Company s customers were required to comply with the European Union s Restrictions of Hazardous Substances of RoHS, directives for all of products that ship to the European marketplace. RoHS prohibits the use of lead, mercury and certain other specified substances in electronics products. The Company has RoHS-dedicated manufacturing capabilities at all of its manufacturing operations.

To date, the Company s costs of compliance and environmental remediation have not been material. However, additional or modified requirements may be imposed in the future. If such additional or modified requirements are imposed, or if conditions requiring remediation are found to exist, the Company may be required to incur additional expenditures.

Backlog

The Company relies on customers forecasted orders and purchase orders (firm orders) from its customers to estimate backlog. Historically customers rescheduled or cancelled firm orders and consequently there is little or no financial significance between forecasted orders or firm orders. The Company has eliminated the distinction in its accounting system between the two types of orders. The Company s backlog of forecasted and firm orders as of April 30, 2012 and 2011 was approximately $89,600,000 and $108,300,000, respectively. The Company estimates its firm orders at April 30, 2012 and 2011 to be $57,100,000 and $64,620,000, respectively. The Company anticipates a significant portion of the backlog at April 30, 2012 will ship in fiscal year 2013. Because customers may cancel or reschedule deliveries, backlog may not be a meaningful indicator of future revenue. Variations in the magnitude and duration of contracts, forecasts and purchase orders received by the Company and delivery requirements generally may result in substantial fluctuations in backlog from period to period.

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Employees

The Company employed approximately 1,700 people as of April 30, 2012, including 103 engaged in engineering or engineering-related services, 1,269 in manufacturing and 328 in administrative and marketing functions.

The Company has a labor contract with Production Workers Union Local No. 10, AFL-CIO, covering the Company s workers in Elk Grove Village, Illinois which expires on November 30, 2012. The Company s Mexican subsidiary, Standard Components de Mexico S.A., has a labor contract with Sindicato De Trabajadores de la Industra Electronica, Similares y Conexos del Estado de Coahuila, C.T.M. covering the Company s workers in Acuna, Mexico which expires on February 1, 2014. The Company s subsidiary located in Tijuana Mexico, has a labor contract with Sindicato Mexico Moderno De Trabajadores De La, Baja California, C.R.O.C. The contract does not have an expiration date.

Since the time the Company commenced operations, it has not experienced any union-related work stoppages. The Company believes its relations with both unions and its other employees are good.

Executive Officers of the Registrant

Name	Age	Position
Gary R. Fairhead	60	President and Chief Executive Officer. Gary R. Fairhead has been the President of the Company since January 1990. Gary R. Fairhead is the brother of Gregory A. Fairhead.
Linda K. Frauendorfer	51	Chief Financial Officer, Vice President Finance, Treasurer and Secretary since February 1994.
Gregory A. Fairhead	56	Executive Vice President and Assistant Secretary. Gregory A. Fairhead has been Executive Vice President since February 2000 and Assistant Secretary since 1994. Mr. Fairhead was Vice President Acuna Operations for the Company from February 1990 to February 2000. Gregory A. Fairhead is the brother of Gary R. Fairhead.
John P. Sheehan	51	Vice President, Director of Supply Chain and Assistant Secretary since February 1994.
Daniel P. Camp	63	Vice President, Acuna Operations since 2007. Vice President China Operations from 2003 to 2007. General Manager / Vice President of Acuna Operations from 1994 to 2003.
Rajesh B. Upadhyaya	57	Executive Vice President, West Coast Operations since 2005. Mr. Upadhyaya was the Vice President of the Fremont Operation from 2001 until 2005.
Hom-Ming Chang	52	Vice President, China Operation since 2007. Vice President Hayward Materials / Test / IT from 2005 2007. Vice President of Engineering, Fremont Operation from 2001 to 2005.

ITEM 1A. RISK FACTORS

The following risk factors should be read carefully in connection with evaluating our business and the forward-looking information contained in this Annual Report on Form 10-K. Any of the following risks could materially adversely affect our business, operations, industry or financial position or our future financial performance. While the Company believes it has identified and discussed below the key risk factors affecting its business, there may be additional risks and uncertainties that are not presently known or that are not currently believed to be significant that may adversely affect its business, operations, industry, financial position and financial performance in the future.

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The Company s ability to secure and maintain sufficient credit arrangements is key to its continued operations.

There is no assurance that the Company will be able to retain or renew its credit agreements in the future. In the event the business grows rapidly, the uncertain economic climate continues or the Company considers another acquisition, additional financing resources could be necessary in the current or future fiscal years. There is no assurance that the Company will be able to obtain equity or debt financing at acceptable terms, or at all in the future.

The Company has a senior secured credit facility with Wells Fargo Bank (Wells Fargo), with a credit limit up to $30 million. The term of the credit facility extends through September 30, 2013, and allows the Company to choose among interest rates at which it may borrow funds. The interest rate is the prime rate plus one half percent (effectively, 3.75% at April 30, 2012) or LIBOR plus two and three quarter percent (effectively, 3.1% at April 30, 2012), which is paid monthly. The credit facility is collateralized by substantially all of the domestically located assets of the Company and requires the Company to be in compliance with several financial covenants. The Company was in compliance with its financial covenants at April 30, 2012. As of April 30, 2012, there was a $16,000,000 outstanding balance and $14,000,000 of unused availability under the credit facility.

Adverse changes in the economy or political conditions could negatively impact the Company s business, results of operations and financial condition.

The Company s sales and gross margins depend significantly on market demand for its customers products. The uncertainty in the U.S. and international economic and political environment could result in a decline in demand for our customers products in any industry. Further, any adverse changes in tax rates and laws affecting our customers could result in decreasing gross margins. Any of these factors could negatively impact the Company s business, results of operations and financial condition.

The Company experiences variable operating results.

The Company s results of operations have varied and may continue to fluctuate significantly from period to period, including on a quarterly basis. Consequently, results of operations in any period should not be considered indicative of the results for any future period, and fluctuations in operating results may also result in fluctuations in the price of the Company s common stock.

The Company s quarterly and annual results may vary significantly depending on numerous factors, many of which are beyond the Company s control. Some of these factors include:

- changes in sales mix to customers
- changes in availability and rising component cost
- volume of customer orders relative to capacity
- market demand and acceptance of our customers products
- price erosion within the EMS marketplace
- capital equipment requirements needed to remain technologically competitive
- volatility in the U.S. and international economic and financial markets

The Company s customer base is concentrated.

Sales to the Company s five largest customers accounted for 57% and 62% of net sales for the fiscal years ended April 30, 2012 and 2011, respectively. The Company s two largest customers accounted for 21.0% and 14.0% of net sales for the fiscal year ended April 30, 2012 compared to 24.0% and 16.0% of net sales for the fiscal year ended April 30, 2011. Significant reduction in sales to any of the Company s major customers or the loss of a major customer could have a material impact on the Company s operations. If the Company cannot

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replace canceled or reduced orders, sales will decline, which could have a material impact on the results of operations. There can be no assurance that the Company will retain any or all of its large customers. This risk may be further complicated by pricing pressures and intense competition prevalent in our industry.

The Company has a significant amount of trade accounts receivable from some of its customers due to customer concentration. If any of the Company s customers have financial difficulties, the Company could encounter delays or defaults in the payment of amounts owed. This could have a significant adverse impact on the Company s results of operations and financial condition.

Most of the Company s customers do not commit to long-term production schedules, which makes it difficult to schedule production and achieve maximum efficiency at the Company s manufacturing facilities and to manage inventory levels.

The volume and timing of sales to the Company s customers may vary due to:

customers attempts to manage their inventory

variation in demand for the Company s customers products

design changes, or

acquisitions of or consolidation among customers

Many of the Company s customers do not commit to firm production schedules. The Company s inability to forecast the level of customer orders with certainty can make it difficult to schedule production and maximize utilization of manufacturing capacity and manage inventory levels. The Company could be required to increase or decrease staffing and more closely manage other expenses in order to meet the anticipated demand of its customers. Orders from the Company s customers could be cancelled or delivery schedules could be deferred as a result of changes in our customers demand, adversely affecting the Company s results of operations, and resulting in higher inventory levels.

The Company and its customers may be unable to keep current with the industry s technological changes.

The market for the Company s manufacturing services is characterized by rapidly changing technology and continuing product development. The future success of the Company s business will depend in large part upon its customers ability to maintain and enhance their technological capabilities, develop and market manufacturing services which meet changing customer needs and successfully anticipate or respond to technological changes in manufacturing processes on a cost-effective and timely basis.

Our customers have competitive challenges, including rapid technological changes, pricing pressure and decreasing demand from their customers, which could adversely affect their business and the Company s.

Factors affecting the industries that utilize our customers products could negatively impact our customers and the Company. These factors include:

increase competition among our customers and their competitors

the inability of our customers to develop and market their products

recessionary periods in our customers markets

- the potential that our customers products become obsolete
- our customers inability to react to rapidly changing technology

Any such factor or a combination of factors could negatively impact our customers need for or ability to pay for our products, which could, in turn, affect the Company s results of operations.

Customer relationships with start-up companies present more risk.

A small portion of the Company s current customer base is comprised of start-up companies. Customer relationships with start-up companies may present heightened risk due to the lack of product history. Slow market acceptance of their products could result in demand fluctuations causing inventory levels to rise. Further, the current economic environment could make it difficult for such emerging companies to obtain additional funding. This may result in additional credit risk including, but not limited to the collection of trade account receivables and payment for their inventory. If the Company does not have adequate allowances recorded, the results of operations may be negatively affected.

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The Company faces intense industry competition and downward pricing pressures.

The EMS industry is highly fragmented and characterized by intense competition. Many of the Company s competitors have greater experience, as well as greater manufacturing, purchasing, marketing and financial resources than the Company.

Competition from existing or potential new competitors may have a material adverse impact on the Company s business, financial condition or results of operations. The introduction of lower priced competitive products, significant price reductions by the Company s competitors or significant pricing pressures from its customers could adversely affect the Company s business, financial condition, and results of operations.

The Company has foreign operations that may pose additional risks.

A substantial part of the Company s manufacturing operations is based in Mexico. Therefore, the Company s business and results of operations are dependent upon numerous related factors, including the stability of the Mexican economy, the political climate in Mexico and Mexico s relations with the United States, prevailing worker wages, the legal authority of the Company to own and operate its business in Mexico, and the ability to identify, hire, train and retain qualified personnel and operating management in Mexico.

The Company also has operations in China. Therefore, the Company s business and results of operations are dependent upon numerous related factors, including the stability of the Chinese economy, the political climate in China and China s relations with the United States, prevailing worker wages, the legal authority of the Company to own and operate its business in China, and the ability to identify, hire, train and retain qualified personnel and operating management in China.

The Company maintains an operation in Vietnam. Therefore, the Company s business and results of operations are dependent upon numerous related factors, including the stability of the Vietnamese economy, the political climate in Vietnam and Vietnam s relations with the United States, prevailing worker wages, the legal authority of the Company to own and operate its business in Vietnam, and the ability to identify, hire, train and retain qualified personnel and operating management in Vietnam.

The Company obtains many of its materials and components through its IPO in Taipei, Taiwan and, therefore, the Company s access to these materials and components is dependent on the continued viability of its Asian suppliers.

The Company may not achieve expected profitability from its acquisitions.

Acquisitions involve significant financial and operating risks that could have a material adverse effect on the Company s results of operations, including the acquisition of the Spitfire Controls in May 2012.

Acquisitions involve significant risks, which could have a material adverse effect on the Company including:

Financial risks, such as (1) the payment of a purchase price that exceeds the future value that we may realize from the acquired operations and businesses; (2) an increase in the Company s expenses and working capital requirements, which could reduce our return on invested capital; (3) potential known and unknown liabilities of the acquired businesses; (4) costs associated with integrating acquired operations and business; (5) the incurrence of additional debt; (6) the financial impact of incorrectly valuing goodwill and other intangible assets involved in any acquisitions, potential future impairment write-downs of goodwill and indefinite life intangibles and the amortization of other intangible assets; (7) possible adverse tax and accounting effects; and (8) the risk that the Company will spend substantial amounts purchasing these manufacturing facilities and assume significant contractual and other obligations with no guaranteed levels of revenue or that the Company may have to close or sell acquired facilities at its costs, which may include substantial employee severance costs and asset write-offs, which may result, in our incurring significant losses.

The Company must implement its management information systems, operating systems and internal controls, and assimilate and manage the personnel of the acquired operations. The difficulties of this integration may be further complicated by geographic distances. The integration of acquired businesses may not be successful and could result in disruption to other parts of our business.

Further there can be no assurance the integration of Spitfire s financial statements with the Company s statements can be completed as required for SEC mandatory filings. The Company may incur significant costs to obtain the financial information for such filings.

Disclosure and internal controls may not detect all errors or fraud.

The Company s management, including the Chief Executive Officer and Chief Financial Officer, do not believe that the Company s disclosure controls and internal controls will prevent all errors and all fraud. Controls can provide only reasonable assurance that the procedures will meet the control objectives. Controls are limited in their effectiveness by human error, including faulty judgments in decision-making. Further, controls can be circumvented by collusion of two or more people or by management override of controls. Because of the limitations of a cost-effective control system, error and fraud may occur and not be detected.

Inadequate internal control over financial reporting could result in a reduction in the value of our common stock.

If the Company identifies and reports a material weakness in its internal control over financial reporting, shareholders and the Company s lenders could lose confidence in the reliability of the Company s financial statements. This could have a material adverse impact on the value of the Company s stock and the Company s liquidity.

There is a risk of fluctuation of various currencies integral to the Company s operations.

The Company purchases some of its material components and funds some of its operations in foreign currencies. From time to time the currencies fluctuate against the U.S. dollar. Such fluctuations could have a measurable impact on the Company s results of operations and performance. The impact of currency fluctuation for the year ended April 30, 2012 resulted in a currency gain of approximately $134,000. These fluctuations are expected to continue and could become material and have a negative impact on the Company s results of operations. The Company did not, and is not expected to, utilize derivatives or hedge foreign currencies to reduce the risk of such fluctuations.

The availability of raw components or an increase in their price may affect the Company s operations and profits.

The Company relies on numerous third-party suppliers for components used in the Company s production process. Certain of these components are available only from single-sources or a limited number of suppliers. In addition, a customer s specifications may require the Company to obtain components from a single-source or a small number of suppliers. The loss of any such suppliers could have a material impact on the Company s results of operations. Further, the Company could operate at a cost disadvantage compared to competitors who have greater direct buying power from suppliers. The Company does not enter into long-term purchase agreements with major or single-source suppliers. The Company believes that short-term purchase orders with its suppliers provides flexibility, given that the Company s orders are based on the changing needs of its customers.

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The Company depends on management and skilled personnel.

The Company depends significantly on its President and other executive officers. The Company s employees generally are not bound by employment agreements and the Company cannot assure that it will retain its executive officers or skilled personnel. The loss of the services of any of these key employees could have a material impact on the Company s business and results of operations. In addition, despite significant competition, continued growth and expansion of the Company s EMS business will require that the Company attract, motivate and retain additional skilled and experienced personnel. The inability to satisfy such requirements could have a negative impact on the Company s ability to remain competitive in the future.

Favorable labor relations are important to the Company.

The Company currently has labor union contracts with its employees constituting approximately 51% of its workforce. Although the Company believes its labor relations are good, any labor disruptions, whether union-related or otherwise, could significantly impair the Company s business, substantially increase the Company s costs or otherwise have a material impact on the Company s results of operations.

Failure to comply with environmental regulations could subject the Company to liability.

The Company is subject to a variety of environmental regulations relating to the use, storage, discharge and disposal of hazardous chemicals used during its manufacturing process. To date, the cost to the Company of such compliance has not had a material impact on the Company s business, financial condition or results of operations. However, there can be no assurance that violations will not occur in the future as a result of human error, equipment failure or other causes. Further, the Company cannot predict the nature, scope or effect of environmental legislation or regulatory requirements that could be imposed or how existing or future laws or regulations will be administered or interpreted. Compliance with more stringent laws or regulations, as well as more vigorous enforcement policies of regulatory agencies, could require substantial expenditures by the Company and could have a material impact on the Company s business, financial condition and results of operations. Any failure by the Company to comply with present or future regulations could subject it to future liabilities or the suspension of production which could have a material negative impact on the Company s results of operations.

The price of the Company s stock is volatile.

The price of the Company s common stock historically has experienced significant volatility due to fluctuations in the Company s revenue and earnings, other factors relating to the Company s operations, the market s changing expectations for the Company s growth, overall equity market conditions and other factors unrelated to the Company s operations. In addition, the limited float of the Company s common stock and the limited number of market makers also affect the volatility of the Company s common stock. Such fluctuations are expected to continue in the future.

An adverse change in the interest rates for our borrowings could adversely affect our results of operations.

The Company pays interest on outstanding borrowings under its senior secured credit facility and certain other long-term debt obligations at interest rates that fluctuate. An adverse change in the Company s interest rates could have a material adverse effect on its results of operations.

Changes in securities laws and regulations may increase costs.

The Sarbanes-Oxley Act, as well as rules subsequently implemented by the Securities and Exchange Commission and listing requirements subsequently adopted by Nasdaq in response to Sarbanes-Oxley, have required changes in corporate governance practices, internal control policies and audit committee practices of public companies. More recently the Dodd-Frank Wall Street Reform and Consumer Protection Act will require changes to our corporate governance, compliance practices and securities disclosures. The Company expects increased costs related to these new regulations, including, but not limited to, legal, financial and accounting costs. Further the Company anticipates it will be more difficult and more expensive to obtain director and officer liability insurance. These developments may result in the Company having difficulty in attracting and retaining qualified members of the board or qualified officers. Further, the costs associated with the compliance with and implementation of procedures under these laws and related rules could have a material impact on the Company s results of operations.

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ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

At April 30, 2012, the Company, operating in one business segment as an independent EMS provider, had manufacturing facilities located in Elk Grove Village, Illinois, Union City, California, Acuna and Tijuana, Mexico and Suzhou-Wujiang, China. In addition, the Company provides inventory management services through its Del Rio, Texas, warehouse facilities and materials procurement services through its Elk Grove Village, Illinois, Acuna, Mexico, Union City, California, and Taipei, Taiwan offices.

Certain information about the Company s manufacturing, warehouse and purchasing facilities is set forth below:

Location	Square Feet	Services Offered	Owned/ Leased
Suzhou-Wujiang, China	147,500	High volume assembly, and testing of PTH and SMT, box-build, BGA	*
Elk Grove Village, IL	124,300	Corporate headquarters, assembly and testing of PTH, SMT and BGA, box-build, prototyping, warehousing	Owned
Union City, CA	117,000	Assembly and testing of PTH, SMT and BGA, box-build, prototyping, warehousing	Leased
Acuna, Mexico	115,000	High volume assembly, and testing of PTH and SMT, box-build	Owned **
Tijuana, Mexico	67,700	High volume assembly, and testing of PTH and SMT, box-build	Leased
Del Rio, TX	44,000	Warehousing, portion of which is bonded	Leased
Taipei, Taiwan	4,685	Materials procurement, alternative sourcing assistance and quality control	Leased

* The Company s Suzhou-Wujiang, China building is owned by the Company and the land is leased from the Chinese government for a 50 year term.

** A portion of the facility is leased and the Company has an option to purchase it.

The Union City, California, Tijuana, Mexico and Del Rio, Texas properties are occupied pursuant to leases of the premises. The lease agreements for the Del Rio, Texas properties expire December 2015. The lease agreement for the California property expires March 2021. The Tijuana, Mexico lease expires June 2017. The Company s manufacturing facilities located in Acuna, Mexico and Elk Grove Village, Illinois are owned by the Company, except for a portion of the facility in Acuna, Mexico, which is leased. The Company has an option to buy the leased portion of the facility in Acuna, Mexico. The property in Elk Grove Village, Illinois is financed under a separate mortgage loan agreement, the final payment on which is January 2015. The Company leases the IPO office in Taipei, Taiwan to coordinate Far East purchasing activities. The Company believes its current facilities are adequate to meet its current needs. In addition, the Company believes it can find alternative facilities to meet its needs in the future, if required.

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ITEM 3. LEGAL PROCEEDINGS

As of April 30, 2012, the Company was not a party to any material legal proceedings.

From time to time the Company is involved in legal proceedings, claims or investigations that are incidental to the conduct of the Company s business. In future periods, the Company could be subjected to cash cost or non-cash charges to earnings if any of these matters are resolved on unfavorable terms. However, although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management s assessment of the merits of any particular claim, the Company does not expect that these legal proceedings or claims will have any material adverse impact on its future consolidated financial position or results of operations.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

The Company s common stock is traded on the NASDAQ Capital Market System under the symbol SGMA. The following table sets forth the range of quarterly high and low sales price information for the common stock for the periods ended April 30, 2012, and 2011.

Common Stock as Reported

by NASDAQ

Period	High	Low
Fiscal 2012:		
Fourth Quarter	$ 4.40	$ 3.66
Third Quarter	4.12	3.15
Second Quarter	4.93	3.15
First Quarter	5.40	4.52
Fiscal 2011:		
Fourth Quarter	$ 8.94	$ 5.03
Third Quarter	7.44	5.34
Second Quarter	6.90	5.40
First Quarter	7.23	4.89

As of July 27, 2012, there were approximately 55 holders of record of the Company s common stock, which does not include shareholders whose stock is held through securities position listings. The Company estimates there to be approximately 1,320 beneficial owners of the Company s common stock.

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Dividend Information

The Company has not paid cash dividends on its common stock since completing its February 1994 initial public offering and does not intend to pay any dividends in the foreseeable future. So long as any indebtedness remains unpaid under the Company s revolving loan facility, the Company is prohibited from paying or declaring any dividends on any of its capital stock, except stock dividends, without the written consent of the lender under the facility.

Equity Compensation Plan Information

For information concerning securities authorized for issuance under our equity compensation plans, see Part III, Item 12 of this Annual Report, under the caption Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters as well as the Company s audited financial statements and notes thereto, including Note L, filed herewith and all such information is incorporated herein by reference.

ITEM 6. SELECTED FINANCIAL DATA

As a smaller reporting company, as defined in Rule 10(f)(1) of Regulation S-K under the Securities Exchange Act of 1934, as amended (the Exchange Act), we are not required to provide the information required by this item.

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

In addition to historical financial information, this discussion of the business of SigmaTron International, Inc.(SigmaTron), its wholly-owned subsidiaries Standard Components de Mexico S.A., AbleMex, S.A. de C.V., and SigmaTron International Trading Co., wholly-owned foreign enterprises Wujiang SigmaTron Electronics Co., Ltd. and SigmaTron Electronic Technology Co., Ltd. (collectively, SigmaTron China) and international procurement office SigmaTron Taiwan branch (collectively, the Company) and other Items in this Annual Report on Form 10-K contain forward-looking statements concerning the Company s business or results of operations. Words such as continue, anticipate, will, expec believe, plan, and similar expressions identify forward-looking statements. These forward-looking statements are based on the current expectations of the Company. Because these forward-looking statements involve risks and uncertainties, the Company s plans, actions and actual results could differ materially. Such statements should be evaluated in the context of the risks and uncertainties inherent in the Company s business including, but not necessarily limited to, the Company s continued dependence on certain significant customers; the continued market acceptance of products and services offered by the Company and its customers; pricing pressures from our customers, suppliers and the market; the activities of competitors, some of which may have greater financial or other resources than the Company; the variability of our operating results; the results of long-lived assets impairment testing; the variability of our customers requirements; the availability and cost of necessary components and materials; the ability of the Company and our customers to keep current with technological changes within our industries; regulatory compliance; the continued availability and sufficiency of our credit arrangements; changes in U.S., Mexican, Chinese, Vietnamese or Taiwanese regulations affecting the Company s business; the turmoil in the global economy and financial markets; the stability of the U.S., Mexican, Chinese, Vietnamese and Taiwanese economic, labor and political systems and conditions; currency exchange fluctuations; and the ability of the Company to manage its growth, including its integration of the Spitfire Controls operation acquired in May 2012; including integration of Spitfire s financial statements with the Company s statements. These and other factors which may affect the Company s future business and results of operations are identified throughout the Company s Annual Report on Form 10-K and as risk factors and may be detailed from time to time in the Company s filings with the Securities and Exchange Commission. These statements speak as of the date of such filings, and the Company undertakes no obligation to update such statements in light of future events or otherwise unless otherwise required by law.

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Overview

The Company operates in one business segment as an independent provider of EMS, which includes printed circuit board assemblies and completely assembled (box-build) electronic products. In connection with the production of assembled products, the Company also provides services to its customers, including (1) automatic and manual assembly and testing of products; (2) material sourcing and procurement; (3) design, manufacturing and test engineering support; (4) warehousing and shipment services; and (5) assistance in obtaining product approval from governmental and other regulatory bodies. The Company provides these manufacturing services through an international network of facilities located in the United States, Mexico, China and Taiwan.

On May 31, 2012, SigmaTron acquired certain assets and assumed certain liabilities of Spitfire. Spitfire is a privately held Illinois corporation headquartered in Carpentersville, Illinois with captive manufacturing sites in Chihuahua, Mexico and suburban Ho Chi Minh City, Vietnam. Both manufacturing sites were among the assets acquired by the Company. Spitfire was an original equipment manufacturer of electronic controls, with a focus on the major appliance (white goods) industry. Although North America is currently its primary market, Spitfire has applications that can be used worldwide. Providing manufacturing solutions for Spitfire since 1994, SigmaTron has been a strategic partner to Spitfire as it developed its OEM electronic controls business.

Spitfire provides cost effective designs as control solutions for its customers, primarily in high volume applications of domestic cooking ranges, dishwashers, refrigerators, and portable appliances. Spitfire is a member of the Association of Home Appliance Manufacturers (AHAM), as well as other industry related trade associations and is ISO 9001-2008 certified. In addition, Spitfire s design capabilities will allow the Company to offer design services for the first time in specific markets.

The Company relies on numerous third-party suppliers for components used in the Company s production process. Certain of these components are available only from single-sources or a limited number of suppliers. In addition, a customer s specifications may require the Company to obtain components from a single-source or a small number of suppliers. The loss of any such suppliers could have a material impact on the Company s results of operations. Further, the Company could operate at a cost disadvantage compared to competitors who have greater direct buying power from suppliers. The Company does not enter into long-term purchase agreements with major or single-source suppliers. The Company believes that short-term purchase orders with its suppliers provides flexibility, given that the Company s orders are based on the changing needs of its customers.

Sales can be a misleading indicator of the Company s financial performance. Sales levels can vary considerably among customers and products depending on the type of services (consignment versus turnkey) rendered by the Company and the demand by customers. Consignment orders require the Company to perform manufacturing services on components and other materials supplied by a customer, and the Company charges only for its labor, overhead and manufacturing costs, plus a profit. In the case of turnkey orders, the Company provides, in addition to manufacturing services, the components and other materials used in assembly. Turnkey contracts, in general, have a higher dollar volume of sales for each given assembly, owing to inclusion of the cost of components and other materials in net sales and cost of goods sold. Variations in the number of turnkey orders compared to consignment orders can lead to significant fluctuations in the Company s revenue and gross margin levels. Consignment orders accounted for less than 5% of the Company s revenues for the year ended April 30, 2012.

In an effort to facilitate growth of our China operation, the Company established a new Chinese entity in October 2011 that allows the Company to provide services competitively to the domestic market in China. Nonetheless, during fiscal year 2012, the Company continued to see a trend of Chinese costs increasing, thereby making Mexico a more competitive manufacturing location to service North America. Indications suggest that this trend will continue. We feel the Company s international footprint provides our customers with flexibility within the Company to manufacture in China or Mexico or both. We believe this strategy has continued to serve the Company well during these difficult economic times as its customers continuously evaluate their supply chain strategies.

In the past, the timing of production and delivery of orders, primarily at the instance of its customers, has caused the Company to experience significant quarterly fluctuations in its revenues and earnings. The uncertainty associated with the worldwide economy in general, and the United States economy specifically, makes forecasting difficult. Short-term customer demands remain volatile. The Company continued to experience pricing pressures from both its customer and suppliers and its margins continued to be reduced in fiscal 2012. The Company expects continuing pressure on margins until the economy starts a sustained recovery. The Company is hopeful to see that start during fiscal year 2013. Until that time, the Company will manage its cost structure. We will also work on integrating Spitfire into SigmaTron, which the Company believes will ultimately improve our economies of scale and provide new revenue opportunities.

Due to the acquisition of Spitfire, effective June 1, 2012, the Company will discontinue selling to Spitfire. The Company will instead begin selling directly to Spitfires customers.

On May 8, 2012, the Company entered into a real estate lease agreement to relocate its Tijuana, MX operation to a new facility within Tijuana, MX. The current lease expired June 2012 and the Company began its relocation in June 2012. The relocation was completed in July 2012. The Company will incur expenses due to the relocation of its Tijuana, MX operation, which are estimated to be $295,000 to $325,000 (unaudited). These expenses will be recorded in the first fiscal quarter of 2013. All incentives realized under the lease will be recognized over the term of the lease, which is five years.

Critical Accounting Policies:

Management Estimates and Uncertainties The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made in preparing the consolidated financial statements include depreciation and amortization periods, the allowance for doubtful accounts, reserves for inventory and valuation of long-lived assets. Actual results could materially differ from these estimates.

Revenue Recognition Revenues from sales of the Company s electronic manufacturing services business are recognized when the finished good product is shipped to the customer. In general, and except for consignment inventory, it is the Company s policy to recognize revenue and related costs when the finished goods have been shipped from its facilities, which is also the same point that title passes under the terms of the purchase order. Finished goods inventory for certain customers is shipped from the Company to an independent warehouse for storage or shipped directly to the customer and stored in a segregated part of the customer s own facility. Upon the customer s request for finished goods inventory, the inventory is shipped to the customer if the inventory was stored off-site, or transferred from the segregated part of the customer s facility for consumption or use by the customer. The Company recognizes revenue upon such shipment or transfer. The Company does not earn a fee for such arrangements. The Company from time to time may ship finished goods from its facilities, which is also the same point that title passes under the terms of the purchase order, and invoice the customer at the end of the calendar month. This is done only in special circumstances to accommodate a specific customer. Further, from time to time customers request the Company hold finished goods after they have been invoiced to consolidate finished goods for shipping purposes. The Company generally provides a 90 day warranty for workmanship only and does not have any installation, acceptance or sales incentives (although the Company has negotiated longer warranty terms in certain instances). The Company assembles and tests assemblies based on customers specifications. Historically, the amount of returns for workmanship issues has been de minimis under the Company s standard or extended warranties.

Inventories Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out method. In the event of an inventory write-down, the Company records expense to state the inventory at lower of cost or market. The Company establishes inventory reserves for valuation, shrinkage, and excess and obsolete inventory. The Company records provisions for inventory shrinkage based on historical experience to account for unmeasured usage or loss. Actual results differing from these estimates could significantly affect the

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Company s inventories and cost of products sold. The Company records provisions for excess and obsolete inventories for the difference between the cost of inventory and its estimated realizable value based on assumptions about future product demand and market conditions. Actual product demand or market conditions could be different than that projected by management.

Impairment of Long-Lived Assets The Company reviews long-lived assets, including amortizable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An asset is considered impaired if its carrying amount exceeds the future undiscounted net cash flow the asset is expected to generate. If such asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair market value.

Income Tax The Company accounts for income taxes in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740, Income Taxes . Our income tax expense, deferred tax assets and liabilities and reserves for unrecognized tax benefits reflect management s best assessment of estimated future taxes to be paid. The Company is subject to income taxes in both the U.S. and several foreign jurisdictions. Significant judgments and estimates by management are required in determining the consolidated income tax expense assessment.

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, the Company considers all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies and recent financial operations. In projecting future taxable income, the Company begins with historical results adjusted for the results of discontinued operations and changes in accounting policies, and incorporates assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment and estimates by management about the forecasts of future taxable income and are consistent with the plans and estimates the Company uses to manage the underlying businesses. In evaluating the objective evidence that historical results provide, the Company considers three years of cumulative operating income and/or loss.

The calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in a multitude of jurisdictions across our global operations. Changes in tax laws and rates could also affect recorded deferred tax assets and liabilities in the future. Management is not presently aware of any such changes that would have a material effect on the Company s results of operations, cash flows or financial position.

FASB ASC Topic 740, *Income Taxes* provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. ASC Topic 740 also provides guidance on measurement, derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes tax liabilities in accordance with ASC Topic 740 and the Company adjusts these liabilities when its judgment changes as a result of the evaluation of new information not previously available. Due to the complexity of some of these uncertainties, the ultimate resolution may result in a payment that is materially different from our current estimate of the tax liabilities. These differences will be reflected as increases or decreases to income tax expense in the period in which they are determined.

New Accounting Standards:

In October 2009, the FASB issued Accounting Standards Update (ASU) No. 2009-13 for updated revenue recognition guidance under the provisions of ASC 605-25, Multiple-Element Arrangements . The previous guidance has been retained for criteria to determine when delivered items in a multiple-deliverable arrangements should be considered separate units of accounting, however the updated guidance removes the previous separation criterion that objective and reliable evidence of fair value of any undelivered items must exist for the delivered items to be considered a separate unit or separate units of accounting. This guidance was effective for fiscal years beginning on or after July 15, 2010. The adoption of this guidance did not have a material effect on the Company s consolidated results of operations and financial condition.

In March 2010, the FASB issued ASU 2010-11, Scope Exception Related to Embedded Credit Derivatives to address questions that have been raised in practice about the intended breadth of the embedded credit derivative scope exception in paragraphs 815-15-15-8 through 815-15-15-9 of ASC 815, Derivatives and Hedging . The amended guidance clarifies that the scope exception applies to contracts that contain an embedded credit derivative that is only in the form of subordination of one financial instrument to another. This guidance was effective on August 1, 2010 for the Company. The adoption of this guidance did not have a material impact on the Company s consolidated results of operations and financial condition.

In December 2010, the FASB issued authoritative guidance regarding ASC No. 805, Business Combinations, on the disclosure of supplementary pro forma information for business combinations. ASC No. 805 requires a public entity to disclose pro forma information for business combinations that occurred in the current reporting period. The disclosures include pro forma revenue and earnings of the combined entity for the current reporting period as though the acquisition date for all business combinations that occurred during the year had been as of the beginning of the annual reporting period. The adoption of this guidance did not have a material impact on the Company s consolidated results of operations and financial condition.

In May 2011, the FASB issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, which results in common fair value measurement and disclosure requirements in U.S. GAAP and IFRS. Consequently, the amendments change the wording used to describe many of the requirements in U.S. GAAP for measuring fair value and for disclosing information about fair value measurements. ASU 2011-04 is effective for interim and annual periods beginning after December 15, 2011, which was first applicable to the Company s fiscal quarter beginning February 1, 2012. The adoption of this guidance did not have a material impact on the Company s consolidated results of operations and financial condition.

In June 2011, the FASB issued ASU 2011-05, Comprehensive Income (Topic 220), Presentation of Comprehensive Income, which requires disclosure of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. ASU 2011-05 eliminates the option to present the components of other comprehensive income as part of the statement of changes in shareholders equity. ASU 2011-05 became effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. In December, the FASB has issued ASU 2011-12, Comprehensive Income (Topic 220), that deferred the requirement to separately present within net income reclassification adjustments of items out of accumulated other comprehensive income. The Company adopted this guidance beginning February 1, 2012. The adoption of this guidance did not have a material impact on the Company s consolidated results of operations and financial condition.

In September 2011, the FASB issued ASU 2011-08, Intangibles, Goodwill and Other (Topic 350), Testing Goodwill for impairment (revised topic). The revised standard is intended to reduce the cost and complexity of the annual goodwill impairment test by providing entities an option to perform a qualitative assessment to determine whether further impairment testing is necessary. The revised standard is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted this guidance beginning February 1, 2012. The adoption of this guidance did not have a material impact on the Company s consolidated results of operations and financial condition.

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Results of Operations:

FISCAL YEAR ENDED APRIL 30, 2012 COMPARED

TO FISCAL YEAR ENDED APRIL 30, 2011

The following table sets forth the percentage relationships of expense items to net sales for the years indicated:

	Fiscal Years	
	2012	2011
Net sales	100.0%	100.0%
Operating expenses:		
Cost of products sold	90.3	89.6
Selling and administrative expenses	8.0	7.6
Total operating expenses	98.3	97.2
Operating income	1.7%	2.8%

Net sales increased 3.2% to $156,635,984 in fiscal year 2012 from $151,728,084 in the prior year. The Company s sales increased in fiscal year 2012 in medical/life sciences, industrial and consumer electronics and semiconductor marketplaces as compared to the prior year. The increase in sales dollars for these marketplaces was partially offset by a decrease in sales dollars in the fitness, gaming, appliance and telecommunications marketplaces. The increase in net sales for the fiscal year 2012 is a result of our existing customers increased demand for product and the addition of some new customer programs ramping up compared to the previous fiscal year.

The Company s sales in a particular industry are driven by the fluctuating forecasts and end-market demand of the customers within that industry. Sales to customers are subject to variations from period to period depending on customer order cancellations, the life cycle of customer products and product transition. Sales to the Company s five largest customers accounted for 57% and 62% of net sales for fiscal years 2012 and 2011, respectively.

Gross profit decreased to $15,254,541, or 9.7% of net sales, in fiscal year 2012 compared to $15,787,206, or 10.4% of net sales, in the prior fiscal year. The Company continued to experience pricing pressures from both its customers and suppliers, which negatively affected the Company s margins in fiscal year 2012. The Company expects continuing pressure on margins until the economy starts a sustained recovery. The Company is hopeful to see that start during fiscal year 2013. Until that time, the Company will carefully manage its cost structure and also work on integrating Spitfire into SigmaTron, which the Company believes will ultimately improve its economies of scale and provide new revenue opportunities. The decrease in gross profit in fiscal year 2012 was partially offset by a foreign currency gain of $133,979, compared to a foreign currency loss of $157,971 in the prior fiscal year.

Selling and administrative expenses increased in fiscal year 2012 to $12,611,673, or 8.0% of net sales, compared to $11,460,908, or 7.6% of net sales, in fiscal year 2011. The aggregate dollar increase in specific expense categories in fiscal year 2012 totaled $1,422,629 of which $530,565 resulted from professional fees incurred related to the Spitfire acquisition and the rest related to office and accounting salaries, commissions, bank fees, legal and accounting fees increasing. The increase in fiscal year 2012 was partially offset by a decrease of $271,864 in multiple categories, including bonus expense, travel, amortization expense and other subcategories of selling and administrative expenses. The Company expects to incur additional professional fees in the first quarter of fiscal year 2013 related to the Spitfire acquisition.

Interest expense decreased to $1,025,325 in fiscal year 2012 compared to $1,154,352 in fiscal year 2011. The interest expense decreased primarily due to the Company s decreased borrowings under its senior secured credit facility. Interest expense for fiscal year 2013 may increase if interest rates or borrowings, or both, increase during fiscal year 2013.

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In fiscal year 2012, income tax expense was $522,171 compared to $1,203,514 in income tax expense in fiscal year 2011. The effective tax rate for the years ended April 30, 2012 and 2011 was 31.5% and 37.8%, respectively. The decrease in the effective tax rate for the year ended April 30, 2012 is due to favorable tax rates and higher profits from the Company s foreign entities and other tax credits.

The Company reported net income of $1,134,324 in fiscal year 2012 compared to a net income of $1,978,034 for fiscal year 2011. Basic and diluted earnings per share were each $0.29 for fiscal year 2012 compared to basic and diluted earnings per share of $0.52 and $0.51, respectively, for the year ended April 30, 2011.

On May 31, 2012, the Company completed the acquisition of Spitfire, an OEM of electronic controls, with a focus on the major appliance industry. The acquisition will add two manufacturing operations in locations that will augment the Company s footprint and add Spitfire s design capabilities which will allow the Company to offer design service for the first time in specific markets. The Company incurred professional fees in conjunction with the Spitfire acquisition. Professional fees of $530,565 were recorded as selling and administrative expenses during fiscal year 2012. The related after tax amount was $363,437. Net income adjusted on a non-GAAP basis to exclude these expenses for fiscal year 2012 was $1,497,761. The non-GAAP basic and diluted earnings per share, as adjusted, for fiscal year 2012 were each $0.38. The Company believes the professional fees incurred in fiscal year 2012 and for the first quarter of fiscal year 2013 were onetime events and the non-GAAP disclosure provides meaningful information regarding the Company s results of operations.

In fiscal year 2011, the Company relocated its Hayward, CA operation to Union City, CA. The new plant layout increased productivity and assisted in attracting interest from many new customers including some in the aviation, defense and medical markets. The Company will continue to target these markets in fiscal 2013. The Company incurred relocation expenses as a result of the move. Relocation expenses of $892,390 were recorded as a component of cost of products sold, which consisted primarily of moving expenses related to equipment, the write-off of leasehold improvements and the restoration of the Hayward facility. The related after tax amount was $562,206. Net income adjusted on a non-GAAP basis to exclude relocation expenses for fiscal year 2011 was $2,540,240. The non-GAAP basic and diluted earnings per share, as adjusted, for fiscal year 2011 were $0.66 and $0.65, respectively. The Company believes the relocation expense is a onetime event and the non-GAAP disclosure provides meaningful information regarding the Company s results of operations.

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non-GAAP Reconciliation

	Year Ended April 30, 2012	Year Ended April 30, 2011
Income Reconciliation:		
Net income before onetime expenses	$ 1,497,761	$ 2,540,240
Expenses net of tax effect	363,437	562,206
Net income	$ 1,134,324	$ 1,978,034
EPS Reconciliation:		
Income per common share assuming dilution before onetime expenses	$ 0.38	$ 0.65
Net income per common share assuming dilution of onetime expenses net of tax	(0.09)	(0.14)
Net income per common share assuming dilution	$ 0.29	$ 0.51
Weighted average number of common equivalent shares outstanding assuming dilution	3,906,279	3,890,949

Liquidity and Capital Resources:

Operating Activities.

Cash flow provided by operating activities was $9,808,310 for the fiscal year ended April 30, 2012, compared to cash flow used in operating activities of $185,067 for the prior fiscal year. Cash flow provided by operating activities in fiscal year 2012 was primarily the result of net income, the non-cash effects of depreciation and amortization, a decrease in inventory and an increase in accounts payable. The decrease in inventory of $7,147,110 was the result of the improvement of inventory management practices. The increase in accounts payable of $1,402,892 was due to timing of payments in the ordinary course of business. Net cash provided by operations in fiscal year 2012 was partially offset by an increase in accounts receivable. The increase in accounts receivable of $4,381,326 was due to increased sales volume and timing of cash receipts from a significant customer.

Cash flow used in operating activities was $185,067 for the year ended April 30, 2011. Cash flow used in operating activities in fiscal year 2011 was primarily the result of an increase in inventories of $7,615,784 due to raw material purchases to support increased demand for specific customers, increasing inventory levels for other customers delaying shipments and the start up of new customer programs. Income taxes paid and a decrease in accounts payable also contributed to fiscal year 2011 cash flow usage. Net cash used in operations in fiscal year 2011 was partially offset by net income, the non-cash effect of depreciation and amortization, and a decrease in accounts receivable. The decrease in accounts receivable of $1,374,307 and accounts payable of $241,294 was due to timing of receipts and payments in the ordinary course of business.

Investing Activities.

In fiscal year 2012, the Company purchased approximately $2,300,000 in machinery and equipment to be used in the ordinary course of business. The Company anticipates that it will make additional machinery and equipment purchases in fiscal year 2013 of approximately $4,500,000.

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In fiscal year 2011, the Company purchased approximately $4,900,000 in machinery and equipment to be used in the ordinary course of business. Additional purchases in fiscal year 2011 of approximately $541,500 and $835,000 was financed under a capital lease and a sale leaseback agreement, respectively.

Financing Activities.

Cash used in financing activities was $6,970,338 for the fiscal year ended April 30, 2012, compared to cash provided by financing activities of $5,190,678 in fiscal year 2011. Cash used in financing activities in fiscal year 2012 was primarily the result of payments under the credit facility and for capital lease obligations. Cash provided by financing activities in fiscal year 2011 was primarily the result of increased borrowings of $6,874,942 under the credit facility. The additional working capital was required to support the increase in inventory.

Financing Summary.

The Company has a senior secured credit facility with Wells Fargo Bank (Wells Fargo), with a credit limit up to $30 million. The term of the credit facility extends through September 30, 2013, and allows the Company to choose among interest rates at which it may borrow funds. The interest rate is the prime rate plus one half percent (effectively, 3.75% at April 30, 2012) or LIBOR plus two and three quarter percent (effectively, 3.1% at April 30, 2012), which is paid monthly. The credit facility is collateralized by substantially all of the domestically located assets of the Company and requires the Company to be in compliance with several financial covenants. The Company was in compliance with its financial covenants at April 30, 2012. As of April 30, 2012, there was a $16,000,000 outstanding balance and $14,000,000 of unused availability under the credit facility.

The Company entered into a mortgage agreement on January 8, 2010, in the amount of $2,500,000, with Wells Fargo to refinance the property that serves as the Company s corporate headquarters and its Illinois manufacturing facility. The Company repaid the prior Bank of America mortgage, which equaled $2,565,413, as of January 8, 2010, using proceeds from the Wells Fargo mortgage and senior secured credit facility. The Wells Fargo note bears interest at a fixed rate of 6.42% per year and is amortized over a sixty month period. A final payment of approximately $2,000,000 is due on or before January 8, 2015. The outstanding balance as of April 30, 2012 was $2,275,009.

On January 19, 2010, the Company entered into a leasing transaction with Wells Fargo Equipment Finance, Inc. to refinance $1,287,407 of equipment. The term of the lease financing agreement extended to January 18, 2012 with monthly payments of $55,872 and a fixed interest rate of 4.29%. This lease financing arrangement was paid in full as of January 31, 2012. The net book value of the equipment was $1,434,423 at April 30, 2012.

On August 20, 2010 and October 26, 2010, the Company entered into two capital leasing transactions (a lease finance agreement and a sale leaseback agreement) with Wells Fargo Equipment Finance, Inc., to purchase equipment totaling $1,150,582. The term of the lease finance agreement, with an initial principal amount of $315,252, extends to September 2016 with monthly payments of $4,973 and a fixed interest rate of 4.28%. The term of the sale leaseback agreement, with an initial principal amount of $835,330, extends to August 2016 with monthly payments of $13,207 and a fixed interest rate of 4.36%. At April 30, 2012, $239,092 and $612,144 was outstanding under the lease finance and sale leaseback agreements, respectively. The net book value at April 30, 2012 of the equipment under each of the lease finance agreement and sale leaseback agreement was $273,656 and $696,402, respectively.

On November 29, 2010, the Company entered into a capital lease with Wells Fargo Equipment Finance, Inc., to purchase equipment totaling $226,216. The term of the lease agreement extends to October 2016 with monthly payments of $3,627 and a fixed interest rate of 4.99%. At April 30, 2012, the balance outstanding under the capital lease agreement was $175,104. The net book value of the equipment under this lease at April 30, 2012 was $197,230.

The total amount outstanding at April 30, 2012 for the three remaining equipment lease transactions discussed above was $1,026,339. The Company had two other capital leases not discussed above, one of which was paid in full in August 2011 and the other was paid in full in November 2011. The total net book value of the equipment under these other leases at April 30, 2012 was $563,853.

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In September 2010, the Company entered into a real estate lease agreement in Union City, CA, to rent 116,993 square feet of manufacturing and office space. Under the terms of the lease agreement, the Company receives incentives over the life of the lease, which extends through March 2021. The amount of the deferred rent expense recorded for fiscal year 2012 was $13,057. In addition, the landlord provided the Company tenant incentives of $418,000, which is being amortized over the life of the lease.

The Company provides funds for salaries, wages, overhead and capital expenditure items as necessary to operate its wholly-owned Mexican and Chinese subsidiaries and the Taiwan international procurement office. The Company provides funding in U.S. dollars, which are exchanged for Pesos, Renminbi, and New Taiwan Dollars as needed. The fluctuation of currencies from time to time, without an equal or greater increase in inflation, could have a material impact on the financial results of the Company. The impact of currency fluctuation for the fiscal year ended April 30, 2012, resulted in a foreign currency gain of $133,979. In fiscal year 2012, the Company s U.S. operations paid approximately $17,000,000 to its foreign subsidiaries for services provided. During fiscal year 2012, the Company received a distribution of approximately $1,221,222 from a foreign subsidiary based in Mexico. The Company does not anticipate any material U.S. income tax on the distribution as the earnings were previously subject to U.S. tax. This unrepatriated distribution from the foreign subsidiary based in Mexico does not change the Company s intentions to indefinitely reinvest the income from the Company s foreign subsidiaries. The Company s intent is to keep funds indefinitely reinvested outside of the United States and current plans do not demonstrate a need to fund U.S. operations. It is not practicable to estimate the amount of additional taxes that may be payable upon distribution.

The Company anticipates its credit facilities, cash flow from operations and leasing resources will be adequate to meet its working capital requirements and capital expenditures for the next twelve months. There is no assurance that the Company will be able to retain or renew its credit agreements in the future, or that any retention or renewal will be on the same terms as currently exist. In the event the business grows rapidly, the current economic climate deteriorates, customers delay payments, or the Company considers an acquisition, additional financing resources could be necessary in the current or future fiscal years. There is no assurance that the Company will be able to obtain equity or debt financing at acceptable terms, or at all, in the future.

The impact of inflation on the Company s net sales, revenues and incomes from continuing operations for the past two fiscal years has been minimal.

Off-balance Sheet Transactions:

The Company has no off-balance sheet transactions.

Contractual Obligations and Commercial Commitments:

As a smaller reporting company, as defined in Rule 10(f)(1) of Regulation S-K under the Exchange Act, we are not required to provide the information required by this item.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

As a smaller reporting company, as defined in Rule 10(f)(1) of Regulation S-K under the Exchange Act, we are not required to provide the information required by this item.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The response to this item is included in Item 15(a) of this Report.

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ITEM 9. CHANGES AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE
Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES
Disclosure Controls:

Our management, including our President and Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under the Securities Exchange Act of 1934, as amended (the Exchange Act), Rules 13a-15(e) an 15(d)-15(e)) as of April 30, 2012. Our disclosure controls and procedures are designed to provide reasonable assurance of achieving their objectives and our President and Chief Executive Officer and Chief Financial Officer concluded that the Company s disclosure controls and procedures were effective at the reasonable assurance level as of April 30, 2012.

Internal Controls:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Our internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements for external purposes in accordance with U.S. GAAP. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation, our management concluded that our internal control over financial reporting was effective at the reasonable assurance level as of April 30, 2012.

This annual report does not include an attestation report of the Company s registered public accounting firm regarding internal control over financial reporting. Management s report was not subject to attestation by the Company s registered public accounting firm pursuant to the rules of the Securities and Exchange Commission that permit the Company to provide only management s report in this annual report.

There has been no change in our internal control over financial reporting during the quarter ended April 30, 2012, that has materially affected or is reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION
Not Applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required under this item is incorporated herein by reference to the Company s definitive proxy statement, to be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company s fiscal year ended April 30, 2012.

ITEM 11. EXECUTIVE COMPENSATION

The information required under this item is incorporated herein by reference to the Company s definitive proxy statement, to be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company s fiscal year ended April 30, 2012.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required under this item is incorporated herein by reference to the Company s definitive proxy statement, to be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company s fiscal year ended April 30, 2012.

ITEM 13. CERTAIN RELATIONSHIPS, RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

The information required under this item is incorporated herein by reference to the Company s definitive proxy statement, to be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company s fiscal year ended April 30, 2012.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required under this item is incorporated herein by reference to the Company s definitive proxy statement, to be filed with the Securities and Exchange Commission not later than 120 days after the close of the Company s fiscal year ended April 30, 2012.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1

The financial statements are listed in the Index to Financial Statements filed as part of this Annual Report on Form 10-K beginning on Page F-1.

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Index to Exhibits

(a) 2

(a) 3 and (b)

3.1	Certificate of Incorporation of the Company, incorporated herein by reference to Exhibit 3.1 to Registration Statement on Form S-1, File No. 33-72100, dated February 9, 1994.
3.2	Amended and Restated By-laws of the Company, adopted on September 24, 1999, incorporated herein by reference to Exhibit 3.2 to the Company s Form 10-K for the fiscal year ended April 30, 2000.
10.1	Form of 1993 Stock Option Plan, incorporated herein by reference to Exhibit 10.4 to the Company s Registration Statement on Form S-1, File No. 33-72100.*
10.2	Form of Incentive Stock Option Agreement for the Company s 1993 Stock Option Plan , incorporated herein by reference to Exhibit 10.5 to the Company s Registration Statement on Form S-1, File No. 33-72100.*
10.3	Form of Non-Statutory Stock Option Agreement for the Company s 1993 stock Option Plan, incorporated herein by reference to Exhibit 10.6 to the Company s Registration Statement on Form S-1, File No. 33-72100.*
10.4	2000 Outside Directors Stock Option Plan, incorporated herein by reference to Appendix 1 to the Company s 2000 Proxy Statement filed on August 21, 2000.*
10.5	2004 Directors Stock Option Plan, incorporated herein by reference to Appendix C to the Company s 2004 Proxy Statement filed on August 16, 2004.*
10.6	2004 Employee Stock Option Plan, incorporated herein by reference to Appendix B to the Company s 2004 Proxy Statement filed on August 16, 2004. *
10.7	Change in Control Plan dated May 30, 2002, incorporated herein by reference to Exhibit 10.15 to the Company s Form 10-K for the fiscal year ended April 30, 2005.*
10.8	Credit Agreement between SigmaTron International, Inc. and Wells Fargo International Banking and Trade Solutions (IBTS), dated January 8, 2010, incorporated herein by reference to Exhibit 10.1 to the Company s Form 8-K filed on January 14, 2010.
10.9	Revolving Line of Credit Note issued by SigmaTron International, Inc. to Wells Fargo International Banking and Trade Solutions (IBTS), dated January 8, 2010 incorporated herein by reference to Exhibit 10.2 to the Company s Form 8-K filed on January 14, 2010.
10.10	Promissory Note issued by SigmaTron International, Inc. to Wells Fargo International Banking and Trade Solutions (IBTS), dated January 8, 2010, incorporated herein by reference to Exhibit 10.3 to the Company s Form 8-K filed on January 14, 2010.
10.11	Third Amendment to the Credit Agreement between SigmaTron International, Inc. and Wells Fargo Bank, National Association, dated August 6, 2010, incorporated herein by reference to Exhibit 10.11 to the Company s Form 10-Q filed on December 14, 2010.
10.12	SigmaTron International, Inc. 2012 Employee Bonus Plan dated November 10, 2011, incorporated herein by reference to Exhibit 10.1 to the Company s Form 8-K filed on November 17, 2011.*
10.13	SigmaTron International, Inc. 2012 Officer Bonus Plan dated November 10, 2011, incorporated herein by reference to Exhibit 10.2 to the Company s Form 8-K filed on November 17, 2011.*

10.14	SigmaTron International, Inc. 2011 Employee Stock Option Plan dated September 16, 2011, incorporated herein by reference to Exhibit 10.14 to the Company s Registration Statement on Form S-8 filed on December 14, 2011.
10.15	Purchase Agreement between SigmaTron International, Inc., and its nominees and Spitfire Controls, Inc., dated as of May 31, 2012, incorporated herein by reference to Exhibit 2.1 to the Company s Form 8-K filed on June 4, 2012.
10.16	Fourth Amendment to Amended and Restated Credit Agreement; Second Amendment to Amended and Restated Continuing Security Agreement: Rights to Payment and Inventory; And First Amendment to Amended and Restated Security Agreement: Equipment and Fixtures between SigmaTron International, Inc., and Wells Fargo Bank, National Association, dated May 31, 2012, incorporated herein by reference to Exhibit 10.14 to the Company s Form 8-K filed on June 4, 2012.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Scheme Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
21.0	Subsidiaries of the Registrant, incorporated herein by reference to the Company s Form 10-K for the fiscal year ended April 30, 2007, filed on July 24, 2007.
23.1	Consent of BDO USA, LLP.**
24.0	Power of Attorney of Directors and Executive Officers (included on the signature page of this Form 10-K for the fiscal year ended April 30, 2012).**
31.1	Certification of Principal Executive Officer of the Company Pursuant to Rule 13a-14(a) under the Exchange Act, as adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
31.2	Certification of Principal Financial Officer of the Company Pursuant to Rule 13a-14(a) under the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.**
32.1	Certification by the Principal Executive Officer of SigmaTron International, Inc. Pursuant to Rule 13a-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).**
32.2	Certification by the Principal Financial Officer of SigmaTron International, Inc. Pursuant to Rule 13a-14(b) under the Exchange Act and Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).**

* Indicates management contract or compensatory plan.

** Filed herewith

Pursuant to Rule 406T of Regulation S-T, these interactive data files are deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, are deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise are not subject to liability under those sections.

(c) Exhibits

The Company hereby files as exhibits to this Report the exhibits listed in Item 15(a)(3) above, which are attached hereto or incorporated herein.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIGMATRON INTERNATIONAL, INC.

By: /s/ Gary R. Fairhead

Gary R. Fairhead, President and Chief Executive Officer,
Principal Executive Officer and Director

Dated: August 14, 2012

KNOW ALL PERSONS BY THESE PRESENTS, that the undersigned directors and officers of SigmaTron International, Inc., a Delaware corporation, which is filing an Annual Report on Form 10-K with the Securities and Exchange Commission under the provisions of the Securities Exchange Act of 1934 as amended, hereby constitute and appoint Gary R. Fairhead and Linda K. Frauendorfer, and each of them, each of their true and lawful attorneys-in fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in all capacities, to sign any or all amendments to the report to be filed with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as each of them might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities, and on the dates indicated.

ion of our company.

rsonnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competi to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those

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nployees.

n the effectiveness of our internal control over financial reporting. Please see the Risk Factor titled "We are an 'emerging growth company,' and as a result of the redu

he last day of the fiscal year (a) following the fifth anniversary of the completion of this offering, (b) in which we have total annual gross revenue of at least $1.0 billio e stockholders acquired their shares of common stock for substantially less than the price of the shares of common stock being acquired in this offering, and these stoc

, which is responsible for appointing the members of our management.

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p agreements. A large portion of these shares, options and warrants are held by a small number of persons and investment funds. Moreover, after this offering, Aisling

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

USE OF PROCEEDS

DIVIDEND POLICY

CAPITALIZATION

ation discussed above is illustrative only and will be adjusted based on the actual public offering price and other terms of this offering determined at pricing.

DILUTION

ion of this offering, (iv) the conversion of the Pfizer note, which had an outstanding balance, including accrued interest, of $7.8 million as of May 29, 2013, into 6,75

et tangible book value per share after the offering from the amount of cash that a new investor paid for a share of common stock.

	Shares purchased		Tota
	Number	Percent	Amou
	9,557,473	68.0%	$ 66,0
	4,500,000	32.0	63,0
	14,057,473	100.0%	$ 129,0

SELECTED FINANCIAL DATA

	Years Ended D
	2012
	$
	7,998
	2,206
	10,204
	(10,204)
	(1,538)
	$ (11,742)
	$ (36.31)
	323,382
	$ (3.13)
(unaudited)(1)	3,755,247(2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ain royalty and milestone payments (consisting of cash and common stock) to CCF, including a minimum annual cash payment of $50,000 during years when a miles

	Years Ended December 31,	
	2012	**2011**
gram:		
	$ 5,778	$ 4,545
	2	181
	16	913
	2,202	2,168
	$ 7,998	$ 7,807

clinical development or post-commercialization clinical trials of ETC-1002, or if we experience significant delays in enrollment in any of our clinical trials, we could

relations costs associated with being a public company.

recorded a 100% valuation allowance against our net operating loss carryforwards.

d expected term of our stock-based awards. We will continue to apply this process until a sufficient amount of historical information regarding the volatility of our ow eries: *Valuation of Privately-Held-Company Equity Securities Issued as Compensation,* or the AICPA Practice Guide. The methodologies for options granted on Apr

over the following three years.

ment determined the timing of the future liquidity event scenarios. The probability weightings used in the PWERM analysis took into consideration, actual and foreca le. The successful completion of our first clinical trial designed specifically to evaluate ETC-1002 in a statin intolerant population with a primary endpoint of LDL-C

ver this period, indicate a substantially greater likelihood of our completing an initial public offering in the near term irrespective of the results of ETC-1002-006. Ac

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ffering would increase our enterprise value and thereby, we believe, increase the per share value of our common stock as compared to the fair value of our common st

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on. We also intend to rely on certain other exemptions, which include but are not limited to, providing an auditor's attestation report on our internal controls over fina

e and government securities to preserve principal.

into collaborations with pharmaceutical partners regarding the development and commercialization of ETC-1002, we are unable to estimate the amounts of increased n equity or debt financings or through collaborations, strategic alliances or licensing arrangements when needed, we may be required to delay, limit, reduce or termina

BUSINESS

perior LDL-C lowering and an attractive safety profile, we believe that ETC-1002, if approved, has the potential to become the preferred orally available, once-daily

ed competitive pricing will make it an attractive statin add-on therapy for residual risk patients.

of al opment	Development Status
2a	Completed Phase 2a (ETC-1002-006) and announced top-line results on June 7, 2013 Expect to initiate Phase 2b (ETC-1002-008) in Q4 2013
2a	Top-line data from Phase 2a (ETC-1002-007) expected Q3 2013 Expect to initiate Phase 2b (ETC-1002-009) in Q4 2013
2a	Completed first Phase 2a (ETC-1002-005) in type 2 diabetes patient population
inical	Pre-clinical studies ongoing
inical	Pre-clinical studies ongoing

NCEP ATP III Clinical Practice Guidelines

ffects
uscle effects (e.g., myopathy and rhabdomyolysis)
tly warned that people being treated with statins may have an increased risk of raised blood sugar levels and the development of type 2 diabetes
statin as one of the underlying therapies and therefore contains the same side effects outlined above
stinal disorders
.e., warmth or redness) hepatic toxicity and skeletal muscle effects
, skeletal muscle effects and liver disorders

	2012 U.S. Sales		
		Statin Intolerant Population (estimate)	
Class of Therapy	Total	% of Total	$
Cholesterol absorption inhibitors	$1.3 billion	50%	$650 mill
Bile acid sequestrants	$382 million	45%	$170 mill

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atients will be impacted by the higher costs of biologic therapies and the inconvenience of injection therapies.

terolemia and a History of Statin Intolerance
study to evaluate the efficacy and safety of ETC-1002 in patients with hypercholesterolemia and a history of intolerance to two or more statins
etes
linical trial to evaluate the LDL-C lowering efficacy and safety of ETC-1002 in patients with type 2 diabetes
l
harmacokinetics (PK) of ETC-1002 in doses greater than 120 mg once-daily in healthy subjects
ients
clinical trial to evaluate the LDL-C lowering efficacy and safety of ETC-1002 in patients with hypercholesterolemia and either normal or elevated triglycerides
d pharmacodynamics (PD) of ETC-1002 in doses of up to 120 mg once-daily in healthy subjects
PK of ETC-1002 in healthy subjects

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omplete efficacy and safety results from ETC-1002-006 are ongoing, the top-line results of this clinical trial are summarized as follows:

Phase 2a Proof of Concept Clinical Trial in Patients With Hypercholesterolemia and a History of Statin Intolerance (ETC-1002-006)

rial Arm	Time Period	Number of Patients	Baseline LDL-C (mg/dL)	Average LDL-C Change from Baseline	p-value
lacebo	Week 2	18	184	-1.4%	
TC-1002 (60 mg)		34	177	-19.5%	<0.000
lacebo	Week 4	15	184	-1.0%	
TC-1002 (120 mg)		30	178	-31.0%	<0.000
lacebo	Week 6	15	184	-3.8%	
TC-1002 (180 mg)		31	180	-32.6%	<0.000
lacebo	Week 8	13	180	-4.0%	
TC-1002 (240 mg)		26	175	-32.6%	<0.000

or as moderate in intensity and not related to ETC-1002, and the patient completed the study. No patient dosed with ETC-1002 experienced substantial elevations (re

Phase 2a Proof of Concept Clinical Trial in Type 2 Diabetic Patients (ETC-1002-005)

rial Arm	Time Period	Number of Patients	Baseline LDL-C (mg/dL)	Average LDL-C Change from Baseline	p-value
lacebo	Days	30	128	-6%	
TC-1002 (80 mg)	1 to 14	29	125	-32%	<0.000
lacebo	Days	30	128	-4%	
TC-1002 (120 mg)	15 to 28	29	125	-43%	<0.000

n in both the ETC-1002 and placebo arms, with a slightly greater effect in ETC-1002 patients. The clinical relevance of these changes are unclear at this time.

12-Week Phase 2a Proof of Concept Clinical Trial in Hypercholesterolemic Patients (ETC-1002-003)

rm	Number of Patients	Baseline LDL-C (mg/dL)	Average LDL-C Change from Baseline	p-v
bo	42	168	-2%	
002 (40 mg)	42	163	-18%	<(
002 (80 mg)	44	170	-25%	<(
002 (120 mg)	42	165	-27%	<(

three times the upper limit of normal. This lab abnormality of greater than four times the upper limit of normal was assessed by the investigator as not related to treat

14-Day Phase 1b Multiple-Dose Tolerance Greater Than 120mg (ETC-1002-004)

Arm	Number of Subjects	Baseline LDL-C (mg/dL)	Average LDL-C Change from Baseline	p-va
bo	6	121	+4%	
1002 (140 mg)	6	113	-21%	0
1002 (180 mg)	6	100	-27%	0
1002 (220 mg)	6	105	-36%	<0

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Phase 1 Multiple-Dose Tolerance Clinical Trial (ETC-1002-002)

m	Treatment Duration	Number of Subjects	Baseline LDL-C (mg/dL)	Average LDL-C Change from Baseline	p
		8	114	+11%	
02 (20 mg)		6	124	+4%	
02 (60 mg)	2 Weeks	6	138	-11%	
02 (100 mg)		6	135	-17%	
02 (120 mg)		6	127	-15%	
	4 Weeks	6	146	-1%	
02 (120 mg)		15	122	-16%	

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tion to filing or approving an NDA for ETC-1002 or as a post-approval requirement. Any such study, if required, would be costly and time-consuming and, regardless

ACL-Dependent Inhibition of Hepatic Cholesterol Synthesis (a statin-like mechanism) and AMPK Activation

s of 4WF as an optimized myeloperoxidase oxidation-resistant apoA-I mimetic.

aries on a claim by claim basis for each applicable product, from country to country and depends upon many factors, including the type of patent, the scope of its cov

nt may expire or remain in force for only a short period following commercialization, thereby reducing any advantage of any such patent.

g competition as new drugs enter the market and advanced technologies become available. Finally, the development of new treatment methods for the diseases we are

FDA at any time before or during clinical trials due to safety concerns or non-compliance, and may be imposed on all drug products within a certain class of drugs. T

review, evaluation and recommendation as to whether the application should be approved and under what conditions. An advisory committee is a panel of experts wi

the letter, or withdraw the application or request an opportunity for a hearing.

e granted to us.

ed or sponsored by the applicant are deemed by the FDA to be essential to the approval of the application, for example new indications, dosages or strengths of an ex

e also subject to further FDA review and approval.

MANAGEMENT

ns to sit on our board include his extensive leadership, executive, managerial, business and pharmaceutical company experience, along with his more than 30 years of

ously, Mr. Enright served on the boards of

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ertise relevant to our growth strategy. Our directors hold office until their successors have been elected and qualified or until the earlier of their resignation or remova d restated bylaws that will be in effect upon the completion of this offering will not require our Executive Chairman and Chief Executive Officer positions to be separ

EXECUTIVE OFFICER AND DIRECTOR COMPENSATION

cipal position	Year	Salary ($)	Bonus ($)	Option awards ($)(4)	Non-equity incentive plan compensation ($)	All other compensat ($)
n, Ph.D., FAHA,	2012	369,766				
man and Chief Scientific Officer						
en,	2012	25,000(1)				
hief Executive Officer						
erg, M.D.,	2012	303,276(2)	15,000(3)	89,562		
fficer						
	2012	200,813		21,440		
Business Development						

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s eligible to participate in employee benefit plans generally available to our executive employees, subject to the terms of those plans.

	Grant date	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)
ton, Ph.D., FAHA				
ben	6/1/2008(1)	11,416	3,030	1.05
	4/2/2010(2)	9,567	4,350	1.26
nberg, M.D.	7/12/2012(3)		68,708	1.89
zi	4/2/2010(4)	20,040	1,431	1.26
	5/19/2011(2)	939	1,208	1.54

name	Fees earned or paid in cash ($)	Option awards ($)	All other compensation ($)
oldstein, M.D.			
nney			
Lange, M.D., Ph.D.		2,882(1)	
tullo			

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her in absolute terms or as compared to any incremental increase or as compared to results of a peer group. From and after the time that we become subject to Section

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

of $1,000,000. On January 28, 2011, following the commencement of Phase 2a clinical trials of ETC-1002, the applicable third tranche milestone, we issued and sold cancelled and Pfizer became the owner of more than 5% of our capital stock.

PRINCIPAL STOCKHOLDERS

Goldstein is a member of our board of directors.

H. Dovey, Jesse I. Treu, Kathleen K. Schoemaker, Brian K. Halak and Nicole Vitullo, the managing members of One Palmer Square Associates VII, L.L.C., the gen any.

l of directors.

DESCRIPTION OF CAPITAL STOCK

iquidation. In addition, the issuance of preferred stock could have the effect of delaying, deferring or preventing a change in control of our company or other corporat

tanding shares entitled to vote on the amendment, in each case voting together as a single class.

powers, including voting rights, of these holders and may have the effect of delaying, deterring or preventing a change in control of us.

SHARES ELIGIBLE FOR FUTURE SALE

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

ency" is not the U.S. dollar; a "controlled foreign corporation;" a "passive foreign investment company;" or a U.S. expatriate.

short-term capital gain and will be taxed at ordinary income rates if the U.S. holder held our common stock for one year or less at the time of disposition.

RS Form W-9 to us or the applicable paying agent. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent i

a foreign corporation may, under certain circumstances, be subject to an additional branch profits tax at a 30% rate (or a lower rate prescribed by an applicable tax tre n a disposition of our common stock will be subject to U.S. federal income tax in the manner specified by such treaty. To claim the benefit of an applicable tax treaty,

withstanding the foregoing, backup withholding may apply if either we or our paying agent has actual knowledge, or reason to know, that the holder is a U.S. person

U.S.-source dividends. Withholding obligations under FATCA will generally apply to payments of dividends made on or after January 1, 2014, and payments of gros

UNDERWRITING

	With Over-al
	$

LEGAL MATTERS

EXPERTS

WHERE YOU CAN FIND MORE INFORMATION

Esperion Therapeutics, Inc.
(A Development Stage Company)

Index to the Financial Statements

Years Ended December 31, 2012 and 2011, Period From
January 22, 2008 (Inception) to December 31, 2012,
the Three Months Ended March 31, 2013 and March 31, 2012 (unaudited)
and Period From January 22, 2008 (Inception) to March 31, 2013 (unaudited)

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Report of Independent Registered Public Accounting Firm

Esperion Therapeutics, Inc.
(A Development Stage Company)

Balance Sheets

See accompanying notes to the financial statements.

Esperion Therapeutics, Inc.
(A Development Stage Company)

Statements of Operations

	Years Ended Decem	
	2012	
	$	$
	7,998,128	7
	2,205,632	2
	10,203,760	1(
	(10,203,760)	(1(
	(1,486,696)	
	32,367	
	(83,647)	
	$ (11,741,736)	$ (1(
	$ (36.31)	$
	323,382	
luted (unaudited)	$ (3.13)	
are applicable to common stockholders basic and diluted (unaudited)	3,755,247	

See accompanying notes to the financial statements.

Esperion Therapeutics, Inc.
(A Development Stage Company)

Statements of Convertible Preferred Stock and Stockholders' Deficit

	Series A Convertible Preferred Stock		Common St	
	Shares	**Amount**	**Shares**	**An**
		$		$
	10,000,000	10,000,000		
exchange for convertible note	250,000	250,000		
per share			286,286	
			3,578	
)	6,000,000	6,000,000		
	1,000,000	1,000,000		
010	25,000	25,000		
	17,275,000	17,275,000	289,864	
	6,700,000	6,700,000		
			11,931	
			3,085	
ideration for a license agreement			2,862	
	23,975,000	23,975,000	307,742	
			16,192	
012			14,314	
2			1,073	
12			7,157	
le notes				
	23,975,000	23,975,000	346,478	
3 in exchange for convertible promissory notes (unaudited)	16,623,092	16,623,092		
	40,598,092	$ 40,598,092	346,478	$

See accompanying notes to the financial statements.

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Esperion Therapeutics, Inc.
(A Development Stage Company)

Statements of Cash Flows

	Years Ended December 31,		Perio Janu 2 (Inc to Dece
	2012	2011	2
	$ (11,741,736)	$ (10,817,341)	$ (4
activities:			
	139,433	178,471	
e	116,988		
	15,378		
	(32,367)		
	1,369,709	577,065	
	79,861	78,451	
		4,400	
	86,887	108,308	
	(2,549)		
	(429,720)	168,277	
	(214,903)	619,238	
	(195,548)	14,406	
	(10,808,567)	(9,068,725)	(3
			(3
		500,350	3
	5,100	42,312	
	(6,783)	(33,635)	
	(1,683)	509,027	
	40,987	15,886	
		6,700,000	2
	297,690		
	15,412,010		1
	15,750,687	6,715,886	3
	4,940,437	(1,843,812)	
	1,571,084	3,414,896	
	$ 6,511,521	$ 1,571,084	$
interest of $923,092 into preferred stock	$	$	

See accompanying notes to the financial statements.

Esperion Therapeutics, Inc.
(A Development Stage Company)

Notes to Financial Statements

(Information as of March 31, 2013 and thereafter and for the three months ended March 31, 2013 and 2012 and the period from January 22, 2008 (Inception) to March 31, 2013 is unaudited)

Esperion Therapeutics, Inc.
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Esperion Therapeutics, Inc.
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Notes to Financial Statements (Continued)

(Information as of March 31, 2013 and thereafter and for the three months ended March 31, 2013 and 2012 and the period from January 22, 2008 (Inception) to March 31, 2013 is unaudited)

omissory notes, the Company issued warrants to purchase shares of Series A preferred stock for an aggregate price of $9,700. The estimated fair value of the warrants

Esperion Therapeutics, Inc.
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alizations. No such adjustment transactions occurred as of December 31, 2012. Based on the preceding provisions, the warrants are recorded as current liabilities of th

remaining life of the warrants. The expected life of the warrants is assumed to be equivalent to their remaining contractual term. The dividend rate is based on the hist

Esperion Therapeutics, Inc.
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(Information as of March 31, 2013 and thereafter and for the three months ended March 31, 2013 and 2012 and the period from January 22, 2008 (Inception) to March 31, 2013 is unaudited)

er of shares of common stock authorized to 58,220,375 and 75,220,375, respectively (see Note 18).

Esperion Therapeutics, Inc.
(A Development Stage Company)

Notes to Financial Statements (Continued)

(Information as of March 31, 2013 and thereafter and for the three months ended March 31, 2013 and 2012 and the period from January 22, 2008 (Inception) to March 31, 2013 is unaudited)

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4,500,000 Shares

Common Stock

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

st such liability under Section 145.

nts that the Company's obligations to those same directors are primary and any obligation of the affiliates of those directors to advance expenses or to provide indemn

SIGNATURES

EXHIBIT INDEX