

CUI Global, Inc.  
Form 10-Q  
May 09, 2011

CUI GLOBAL, INC.

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

FORM 10-Q

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

For quarter ended March 31, 2011

Commission File Number 0-29923

CUI Global, Inc.  
(Name of Small Business Issuer in Its Charter)

Colorado	(3670)	84-1463284
(State or jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

20050 SW 112th Avenue  
Tualatin, Oregon 97062  
(503) 612-2300.  
(Address and Telephone Number of Principal Executive Offices and Principal Place of Business)

William J. Clough, CEO/President  
CUI Global, Inc.  
20050 SW 112th Avenue  
Tualatin, Oregon 97062  
(503) 612-2300.  
(Name, Address and Telephone Number of Agent for Service)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES x NO "

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

YES " NO "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange act.

Edgar Filing: CUI Global, Inc. - Form 10-Q

Large accelerated filer

Accelerated filer

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

Smaller reporting company

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

As of May 5, 2011, there were 215,282,472 shares of the Company's common stock outstanding, 50,543 shares of Series A Convertible Preferred Stock outstanding, no shares of Series B and Series C Convertible Preferred Stock outstanding.

CUI Global, Inc.  
(formerly known as Waytronx, Inc.)

INDEX

	Page
<b>Part I</b>	
<b>Item 1</b>	
Financial Statements	3
Condensed Consolidated Balance Sheets (unaudited)	3
Condensed Consolidated Statements of Operations (unaudited)	4
Condensed Consolidated Statements of Cash Flows (unaudited)	5
Notes to the Condensed Consolidated Financial Statements (unaudited)	7
Accounting Policies	7
<b>Item 2</b>	
Management's Discussion and Analysis of Financial Condition and Results of Operations	18
Overview	18
Intellectual Property	20
Liquidity and Capital Resources	20
Results of Operations	21
<b>Item 3.</b>	
Quantitative and Qualitative Disclosure about Market Risk	22
<b>Part II</b>	
<b>Item 1</b>	
Legal Proceedings.	22
<b>Item 1A</b>	
Risk Factors	23
<b>Item 2</b>	
Unregistered Sales of Equity Securities and Use of Proceeds	23
<b>Item 3</b>	
Defaults Upon Senior Securities	23
<b>Item 4</b>	
Removed and Reserved	23
<b>Item 5</b>	
Other Information	23
<b>Item 6</b>	
Exhibits and Reports on Form 8-K	23
Signatures	24
Exhibits	

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

CUI Global, Inc.  
(formerly known as Waytronx, Inc.)  
Condensed Consolidated Balance Sheets

March 31,      December 31,

## Edgar Filing: CUI Global, Inc. - Form 10-Q

	2011 (unaudited)	2010
<b>Assets:</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 146,577	\$ 612,275
Trade accounts receivable, net of allowance of \$125,000 and \$125,000, respectively	4,376,822	4,726,200
Other accounts receivable	988	18,558
Other accounts receivable, related party	16,547	202,418
Inventories, net of allowance of \$375,000 and \$355,000, respectively	4,544,971	4,976,587
Prepaid expenses and other	389,033	354,003
<b>Total current assets</b>	<b>9,474,938</b>	<b>10,890,041</b>
<b>Property and equipment, net</b>	<b>1,201,293</b>	<b>1,248,262</b>
<b>Other assets:</b>		
Investment - equity method	175,301	157,149
Investments - long term	102,627	102,635
Technology rights, net	730,097	796,351
Other intangible assets, net	8,940	8,940
Deposits and other	52,601	148,689
Notes receivable, net	-	15,831
Debt offering costs, net	259,639	450,859
Intangible, trademark and tradename CUI	4,892,856	4,892,856
Intangible, trademark and tradename V-Infinity	1,373,828	1,373,828
Intangible, patent pending technology	551,559	551,559
Intangible, customer list	1,857,000	1,857,000
Intangible, Comex Electronics and CUI Japan	473,692	473,692
Goodwill, net	12,907,157	12,907,157
<b>Total other assets</b>	<b>23,385,297</b>	<b>23,736,546</b>
<b>Total assets</b>	<b>\$34,061,528</b>	<b>\$ 35,874,849</b>
<b>Liabilities and stockholders' equity:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$2,187,973	\$ 2,054,534
Preferred stock dividends payable	5,054	5,054
Demand notes payable	1,805,646	2,427,163
Accrued expenses	1,292,876	1,689,300
Accrued compensation	272,740	399,013
Unearned revenue	109,681	70,030
Notes payable, current portion due	4,714,707	4,433,675
Notes payable, related party, current portion due	127,643	487,208
<b>Total current liabilities</b>	<b>10,516,320</b>	<b>11,565,977</b>
Long term notes payable, net of current portion due of \$714,707 and \$433,675, respectively	1,111,515	2,047,113
Long term notes payable, related party, net of current portion due of \$0 and \$487,208, respectively	10,303,683	10,308,983
<b>Total liabilities</b>	<b>21,931,518</b>	<b>23,922,073</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		

Edgar Filing: CUI Global, Inc. - Form 10-Q

Preferred stock, par value \$0.001; 10,000,000 shares authorized	-	-
Convertible Series A preferred stock, 5,000,000 shares authorized, 50,543 shares issued and outstanding liquidation preference of \$50,543 at March 31, 2011 and December 31, 2010, respectively	51	51
Convertible Series B preferred stock, 30,000 shares authorized, and no shares outstanding at March 31, 2011 and December 31, 2010, respectively	-	-
Convertible Series C preferred stock, 10,000 shares authorized, and no shares outstanding at March 31, 2011 and December 31, 2010, respectively	-	-
Common stock, par value \$0.001; 325,000,000 and 325,000,000 shares authorized and 214,282,472 and 214,045,673 shares issued and outstanding at March 31, 2011 and December 31, 2010, respectively	214,283	214,046
Common stock issuable; 0 and 50,000 shares authorized and issuable at March 31, 2011 and December 31, 2010, respectively	-	50
Additional paid-in capital	85,821,512	85,732,521
Accumulated deficit	(73,690,261)	(73,596,738 )
Accumulated other comprehensive (loss)	(43,797 )	(50,810 )
Total stockholders' equity	12,301,788	12,299,120
Noncontrolling interest	(171,778 )	(346,344 )
Total liabilities and stockholders' equity	\$34,061,528	\$ 35,874,849

See accompanying notes to condensed consolidated financial statements

CUI Global, Inc.  
(formerly known as Waytronx, Inc.)  
Condensed Consolidated Statements of Operations  
(unaudited)

	For the three months ended March 31,	
	2011	2010
<b>Revenues:</b>		
Product Sales	\$ 10,029,075	\$ 7,648,658
Revenue from freight	18,958	20,147
Total revenue	10,048,033	7,668,805
Cost of revenues	6,367,830	4,826,439
<b>Gross profit</b>	<b>3,680,203</b>	<b>2,842,366</b>
<b>Operating expenses</b>		
Selling, general and administrative	3,465,896	2,829,035
Research and development	184,481	81,158
Bad debt	-	10,890
Total operating expenses	3,650,377	2,921,083
Profit (loss) from operations	29,826	(78,717 )
<b>Other income (expense)</b>		
Other income	6,596	56,395
Other expense	(8,098 )	(27,489 )
Investment income	18,152	14,615
Gain on debt extinguishments	475,689	-
Interest expense - intrinsic value of convertible debt, amortization of debt offering costs and amortization of debt discount	(191,220 )	(741,855 )

Edgar Filing: CUI Global, Inc. - Form 10-Q

Interest expense	(242,444 )	(387,533 )
Total other income (expense), net	58,675	(1,085,867 )
Income (loss) before taxes	88,501	(1,164,584 )
Provision for taxes	7,458	4,418
Consolidated Net profit (loss)	81,043	(1,169,002 )
Less: Net profit (loss) - noncontrolling interest	174,566	3,728
Net loss - attributable to CUI Global, Inc.	(93,523 )	(1,172,730 )
Less: Preferred stock dividends	-	-
Net loss allocable to common stockholders	\$ (93,523 )	\$ (1,172,730 )
Other comprehensive profit (loss)		
Foreign currency translation adjustment	\$ 7,013	\$ 1,754
Comprehensive profit (loss)	\$ (86,510 )	\$ (1,170,976 )
Basic and diluted profit (loss) per common share	\$ -	\$ (0.01 )
Basic weighted average common and common equivalents shares outstanding	214,139,219	169,837,626

See accompanying notes to condensed consolidated financial statements

CUI Global, Inc.  
(formerly known as Waytronx, Inc.)  
Condensed Consolidated Statements of Cash Flows  
(unaudited)

	For the three months ended March 31,	
	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net profit (loss) - attributable to CUI Global, Inc.	\$ (93,523 )	\$ (1,172,730 )
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Stock, warrants, options and notes issued for compensation and services	89,177	1,641
Non-cash interest expense, including amortization of beneficial conversion value, warrant related debt discounts and intrinsic value of convertible debt and amortization of debt discount and amortization of debt offering costs	191,220	741,855
Non-cash (profit) on equity method investment	(18,152 )	(14,615 )
Bad debt expense	-	10,890
Amortization of technology rights	66,254	61,085
Amortization of patent costs	-	4,354
Amortization of website development	-	3,578
Gain on settlements of debt	(475,689 )	-
Inventory reserve	20,000	-
Loss on disposal of assets	-	500
Net profit (loss) - noncontrolling interest	174,566	3,728
Depreciation	146,943	114,952
Amortization	-	500
(Increase) decrease in assets:		
Trade accounts receivable	349,378	161,545
Other accounts receivable	17,570	38,103
Other accounts receivable, related party	(6,637 )	(2,161 )
Inventory	411,616	(125,408 )
Prepaid expenses and other current assets	(34,785 )	48,115
Investments - long term	8	-

Edgar Filing: CUI Global, Inc. - Form 10-Q

Deposits and other assets	96,088	(32,051 )
<b>Increase (decrease) in liabilities:</b>		
Accounts payable	133,439	(196,711 )
Accrued expenses	(396,424 )	85,485
Accrued compensation	(126,273 )	18,538
Unearned revenue	39,651	1,268
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>584,427</b>	<b>(247,539 )</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment in technology rights and development	-	(20,651 )
Investment in patents	-	(1,925 )
Proceeds from Notes receivable	15,587	15,958
Purchase of property and equipment	(99,974 )	(135,437 )
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(84,387 )</b>	<b>(142,055 )</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from (payments to) demand notes payable, net of debt offering costs	(621,517 )	540,582
Proceeds from notes and loans payable	281,032	-
Payments on notes and loans payable	(272,701 )	(112,890 )
Payments on notes and loans payable, related party	(359,565 )	(74,186 )
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>(972,751 )</b>	<b>353,506</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>7,013</b>	<b>1,754</b>
Cash and cash equivalents at beginning of year	612,275	496,135
Cash and cash equivalents at end of period	146,577	461,801
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>\$ (465,698 )</b>	<b>\$ (34,334 )</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Income taxes paid	\$-	\$-
Interest paid	\$242,444	\$275,221
<b>SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING AND FINANCING ACTIVITIES:</b>		
Common stock issued for consulting services and compensation and accrued liabilities payable in common stock	\$42,000	\$-

See accompanying notes to condensed consolidated financial statements

CUI Global, Inc.  
(formerly known as Waytronx, Inc.)  
Notes to the Condensed Consolidated Financial Statements  
(Unaudited)

**1. BASIS OF PRESENTATION AND GOING CONCERN**

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and the rules and regulations of the United States Securities and Exchange Commission for interim financial information which includes condensed financial statements. Accordingly, they do not include all the information and footnotes necessary for a comprehensive presentation of financial position and results of operations and should be read in conjunction with the Annual Report, Form 10-K for the year ended December 31, 2010.

It is management's opinion that all material adjustments (consisting of normal recurring adjustments) have been made which are necessary for a fair financial statement presentation. The results for the interim period are not necessarily

indicative of the results to be expected for the year.

CUI Global, Inc. (formerly known as Waytronx, Inc.) is a platform company dedicated to maximizing shareholder value through the acquisition, development and commercialization of new, innovative technologies. Through its subsidiaries, CUI Global has built a diversified portfolio of industry leading technologies that touch many markets.

Effective May 16, 2008, CUI Global, Inc. formed a wholly owned subsidiary, Waytronx Holdings, Inc., to acquire the assets of CUI, Inc., a Tualatin, Oregon based provider of electronic components including power supplies, transformers, converters, connectors and industrial controls for Original Equipment Manufacturers (OEMs). The wholly owned subsidiary was renamed CUI, Inc. following the close of the acquisition. Through the acquisition of CUI, Inc., the Company obtained 352,589 common shares (representing a 11.54% and 10.47% interest at March 31, 2011 and 2010, respectively) in Test Products International, Inc., a provider of handheld test and measurement equipment. Since its inception in 1989, CUI has been delivering quality products, extensive application solutions and superior personal service. CUI's solid customer commitment and honest corporate message are a hallmark in the industry.

Through CUI's capabilities and extensive contacts throughout Asia, this acquisition allows CUI Global to continue to identify, acquire and commercialize new proprietary technologies. CUI Global will use CUI's market partners and global distribution capabilities to bring other products to market, including the Digital Power Modules, GASPT2 and other proprietary devices, described below. CUI's testing and R&D capabilities allow CUI Global to commercialize and prototype its products more efficiently and economically.

CUI defines its product into three categories: components including connectors, speakers and buzzers; control solutions including encoders and sensors; and power solutions known as V-Infinity. These offerings provide a technology architecture that addresses power and related accessories to industries ranging from consumer electronics to defense and alternative energy.

Effective July 1, 2009, CUI Global acquired CUI Japan (formerly Comex Instruments, Ltd.) and 49% of Comex Electronics Ltd. Both companies are Japanese based DSP providers of digital to analog and analog to digital test and measurement systems and electronic components for OEM research and development. Through Comex Electronics, CUI Global owns a manufacturing facility which allows the Company to manufacture many of the CUI Japan and Comex Electronics products as well as some of the CUI Inc. products such as the AMT encoder.

The accompanying financial statements have been prepared on the assumption that CUI Global will continue as a going concern. As reflected in these financial statements, we had cash provided by operations of \$584,427 for the three months ended March 31, 2011, had an accumulated deficit of \$73,690,261 and working capital deficiency of \$1,041,382 as of March 31, 2011. The ability to continue as a going concern is dependent upon the ability to bring additional technologies and products to market, generate increased sales, obtain positive cash flow from operations and raise additional capital. The financial statements do not include any adjustments that may result from the outcome of this uncertainty.

If necessary, we will continue to raise additional capital to provide sufficient cash to meet the funding required to develop and commercialize our technology product lines. As we continue to expand and develop technology and product lines, additional funding may be required. There have been negative cash flows from operations and incurred net losses in the past and there can be no assurance as to the availability or terms upon which additional financing and capital might be available if needed.

## 2. ACCOUNTING POLICIES

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets

and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in 2011 and 2010 include estimates used to review the Company's long-lived assets for impairment, allowance for doubtful accounts, inventory valuation, valuations of non-cash capital stock issuances, valuations of derivatives and the valuation allowance on deferred tax assets.

#### Principles of Consolidation

The condensed consolidated financial statements include the accounts of CUI Global, Inc., its wholly owned subsidiary CUI, Inc. and CUI Japan and its 49% owned subsidiary Comex Electronics hereafter referred to as the "Company". Significant intercompany accounts and transactions have been eliminated in consolidation.

#### Fair Value of Financial Instruments

The carrying amounts of the Company's cash and cash equivalents, accounts receivable, prepaid expense and other assets, accounts payable, accrued liabilities, notes payable and deferred compensation approximate their fair value due as of March 31, 2011.

#### Cash

Cash includes deposits at financial institutions with maturities of three months or less. The Company at times has cash in banks in excess of FDIC insurance limits and places its temporary cash investments with high credit quality financial institutions. At March 31, 2011, the Company had no cash balances at financial institutions which were in excess of the FDIC insured limits. The Company maintained balances of \$143,730 in foreign financial institutions.

#### Accounts Receivable

The Company grants credit to its customers, with standard terms of Net 30 days. Other credit terms are available based upon a review of the customer's financial strength. The Company routinely assesses the financial strength of its customers and, therefore, believes that its accounts receivable credit risk exposure is limited. In addition, the Company maintains a foreign credit receivables insurance policy that covers many of its receivable balances in effort to further reduce credit risk exposure.

#### Inventory

Inventory consists of finished and un-finished products. At March 31, 2011, the Company had \$3,882,994 of finished goods, \$908,278 of raw materials and components, \$138,699 of work-in-process, and an allowance of \$375,000.

#### Furniture, Equipment and Software

Furniture, equipment and software are recorded at cost and include major expenditures, which increase productivity or substantially increase useful lives.

Maintenance, repairs and minor replacements are charged to expenses when incurred. When furniture and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation are removed from this account, and any gain or loss is included in the statement of operations.

The cost of furniture, equipment and software is depreciated over the estimated useful lives of the related assets. Depreciation is computed using the straight-line method for financial reporting purposes. The estimated useful lives and accumulated depreciation for furniture, equipment and software are as follows:

	Estimated Useful Life
Furniture and equipment	3 to 7 years
Software	3 to 5 years

#### Identifiable Intangible Assets



Edgar Filing: CUI Global, Inc. - Form 10-Q

Intangible assets are stated at cost net of accumulated amortization and impairment. Intangible assets other than goodwill, technology rights and patents are amortized over an estimated useful life of 15 years. Technology rights are amortized over the shorter of a twenty year life or the term of the rights agreement and are reviewed for impairment annually. Patent costs are amortized over the life of the patent. Any patents not approved will be expensed at that time.

Intangible assets consist of the following as of March 31, 2011:

Technology Rights	\$821,112
Accumulated amortization	(91,015 )
Net	\$730,097
Debt offering costs	\$2,274,646
Accumulated amortization	(2,015,007 )
Net	\$259,639
Intangible, trademark and tradename CUI	\$4,892,856
Accumulated amortization	-
Net	\$4,892,856
Intangible, trademark and tradename V-Infinity	\$1,373,828
Accumulated amortization	-
Net	\$1,373,828
Intangible, patent pending technology	\$551,559
Accumulated amortization	-
Net	\$551,559
Intangible, customer list	\$1,857,000
Accumulated amortization	-
Net	\$1,857,000
Intangible, Comex Electronics and CUI Japan	\$473,692
Accumulated amortization	-
Net	\$473,692
Goodwill	\$12,909,273
Accumulated amortization	(2,116 )
Net	\$12,907,157
Other intangible assets	\$81,936
Accumulated amortization	(72,996 )
Net	\$8,940

#### Investment in Affiliate

Through the acquisition of CUI, Inc. the Company obtained 352,589 common shares representing an 11.54% and 10.47% interest at March 31, 2011 and 2010, respectively, in Test Products International, Inc., hereafter referred to as TPI. TPI is a provider of handheld test and measurement equipment. The Company enjoys a close association with this affiliate through common Board of Director membership and participation that allows for a significant amount of influence over affiliate business decisions. Accordingly, for financial statement purposes, the Company accounts for its investment in this affiliated entity under the equity method.

## Edgar Filing: CUI Global, Inc. - Form 10-Q

A summary of the unaudited financial statements of the affiliate as of March 31, 2011 is as follows:

Current assets	\$5,141,908
Non-current assets	841,986
<b>Total Assets</b>	<b>\$5,983,894</b>
<b>Current liabilities</b>	<b>\$2,632,594</b>
Non-current liabilities	1,422,619
Stockholders' equity	1,928,681
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$5,983,894</b>
Revenues	\$3,038,933
Operating income	105,226
Net profit	150,032
Other comprehensive profit (loss):	
Foreign currency translation adjustment	7,207
Comprehensive net profit	157,239
Company share of Net Profit at 11.544%	18,152
Equity investment in affiliate	\$175,301

### Asset Impairment

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its fair value and may not be recoverable. In performing the review for recoverability, the future cash flows expected to result from the use of the asset and its eventual disposition are estimated. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized as the excess of the carrying amount over the fair value. Otherwise, an impairment loss is not recognized. Management estimates the fair value and the estimated future cash flows expected. Any changes in these estimates could impact whether there was impairment and the amount of the impairment.

### Patent Costs

The Company estimates the patents it has filed have a future beneficial value; therefore it capitalizes the costs associated with filing for its patents. At the time the patent is approved, the patent costs associated with the patent are amortized over the useful life of the patent. If the patent is not approved, at that time the costs will be expensed. A change in the estimate of the patent having a future beneficial value will impact the other assets and expense accounts.

### Derivative Liabilities

The Company accounts for its embedded conversion features and freestanding warrants pursuant to FASB Accounting Standards Codification No. 815 ("FASB ASC 815"), "Derivatives and Hedging", which requires a periodic valuation of the fair value of derivative instruments and a corresponding recognition of liabilities associated with such derivatives. The recognition of derivative liabilities related to the issuance of shares of common stock is applied first to the proceeds of such issuance, at the date of issuance, and the excess of derivative liabilities over the proceeds is recognized as other expense in the accompanying consolidated financial statements. The recognition of derivative liabilities related to the issuance of convertible debt is applied first to the proceeds of such issuance as a debt discount, at the date of issuance, and the excess of derivative liabilities over the proceeds is recognized as other expense in the accompanying consolidated financial statements. Any subsequent increase or decrease in the fair value of the derivative liabilities is recognized as other expense or other income, respectively. The reclassification of a contract is reassessed at each balance sheet date. If a contract is reclassified from permanent equity to an asset or a liability, the change in the fair value of the contract during the period the contract was classified as equity is accounted for as an adjustment to equity. If a contract is reclassified from an asset or liability to equity, gains or losses recorded to account for the contract at fair value during the period that contract was classified as an asset or a liability are not reversed but

instead are accounted for as an adjustment to equity.

#### Revenue Recognition

The recognition of revenues requires judgment, including whether a sale includes multiple elements, and if so, whether vendor-specific objective evidence (VSOE) of fair value exists for those elements. Customers receive certain elements of CUI Global products over a period of time. These elements include licensing rights to manufacture and sell our proprietary patent protected products. The ability to identify VSOE for those elements and the fair value of the respective elements could materially impact the amount of earned and unearned revenue. CUI Global does not have any history as to the costs expected to be incurred in granting licensing rights relating to its products. Therefore, revenues may be recorded that are not in proportion to the costs expected to be incurred in performing these services.

Revenues in connection with electronic devices and component sales by CUI, Inc. are recognized at the time the product is shipped to the customer.

Revenues in connection with product sales by CUI Japan and Comex Electronics are recognized at the time the product is shipped to the customer. VSOE sales also exist for CUI Japan and Comex Electronics related to the development of product for specific customers. The ability to identify VSOE for those elements and the fair value of the respective elements could materially impact the amount of earned and unearned revenue. VSOE sales are invoiced according to the related sales agreements.

#### Shipping and Handling Costs

Amounts billed to customers in sales transactions related to shipping and handling represent revenues earned for the goods provided and are included in sales. Costs of shipping and handling are included in cost of revenues.

#### Stock issued for services to other than Employees

Common stock, stock options and common stock warrants issued to other than employees or directors are recorded on the basis of their fair value, as required by FASB ASC 505, which is measured as of the date required by FASB ASC 505, "Equity – Based Payments to Non-Employees". In accordance with FASB ASC 505, the stock options or common stock warrants are valued using the Black-Scholes option pricing model on the basis of the market price of the underlying common stock on the "valuation date," which for options and warrants related to contracts that have substantial disincentives to non-performance is the date of the contract, and for all other contracts is the vesting date. Expense related to the options and warrants is recognized on a straight-line basis over the shorter of the period over which services are to be received or the vesting period. Where expense must be recognized prior to a valuation date, the expense is computed under the Black-Scholes option pricing model on the basis of the market price of the underlying common stock at the end of the period, and any subsequent changes in the market price of the underlying common stock up through the valuation date is reflected in the expense recorded in the subsequent period in which that change occurs.

#### Foreign Currency Translation

The financial statements of the Company's foreign offices have been translated into U.S. dollars in accordance with FASB ASC 830, "Foreign Currency Matters" (FASB ASC 830). All balance sheet accounts have been translated using the exchange rate in effect at the balance sheet date. Income statement amounts have been translated using an appropriately weighted average exchange rate for the year. The translation gains and losses resulting from the changes in exchange rates during 2011 and 2010 have been reported in accumulated other comprehensive income, except for gains and losses resulting from the translation of intercompany receivables and payables, which are included in earnings for the period.

#### Segment Reporting

The Company has identified five operating segments based on the products offered. The five segments are External Power, Internal Power, Industrial Controls, Comex/CUI Japan and Other. The External Power segment is focused primarily on sales of external power supplies and related components. The Internal Power segment is focused

Edgar Filing: CUI Global, Inc. - Form 10-Q

primarily on sales of internal power supplies and related components. The Industrial Controls segment is focused primarily on sales of encoding devices and related components. The Comex/CUI Japan segment is focused on the sales of Comex and CUI Japan products. The Other category represents activity of segments that do not meet the threshold for segment reporting and are combined.

The following information is presented for the three months ended March 31, 2011 for operating segment activity:

	External Power	Internal Power	Industrial Controls	Comex (Japan)	Other	Totals
Revenues from external customers	\$ 4,961,064	\$ 3,368,756	\$ 1,157,644	\$ 540,950	\$ 19,619	\$ 10,048,033
Intersegment revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Derivative income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenues	\$ -	\$ -	\$ -	\$ 14	\$ 3,126	\$ 3,140
Equity in profit (loss) of unconsolidated affiliate	\$ -	\$ -	\$ -	\$ -	\$ 18,152	\$ 18,152
Interest expense - intrinsic value of convertible debt, amortization of debt offering costs and amortization of debt discount	\$ -	\$ -	\$ -	\$ -	\$ 191,220	\$ 191,220
Interest expense	\$ -	\$ -	\$ -	\$ 12,300	\$ 230,144	\$ 242,444
Depreciation and amortization	\$ -	\$ -	\$ -	\$ 19,752	\$ 193,445	\$ 213,197
Segment profit (loss)	\$ 1,535,222	\$ 803,207	\$ 156,896	\$ 338,918	\$ (2,753,200 )	\$ 81,043
Other significant non-cash items:						
Stock, options, warrants and notes issued for compensation and services	\$ -	\$ -	\$ -	\$ -	\$ 89,177	\$ 89,177
Gain on debt extinguishments	\$ -	\$ -	\$ -	\$ -	\$ 475,689	\$ 475,689
Segment assets	\$ -	\$ -	\$ -	\$ 2,895,200	\$ 31,166,328	\$ 34,061,528
Foreign currency translation adjustments	\$ -	\$ -	\$ -	\$ 7,013	\$ -	\$ 7,013
Expenditures for segment assets	\$ -	\$ -	\$ -	\$ 858	\$ 99,116	\$ 99,974

The following information is presented for the three months ended March 31, 2010 for operating segment activity:

	External Power	Internal Power	Industrial Controls	Comex / CUI Japan	Other	Totals
Revenues from external customers	\$ 3,746,168	\$ 1,343,189	\$ 1,166,552	\$ 1,167,562	\$ 245,334	\$ 7,668,805
Intersegment revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Derivative income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest revenues	\$ -	\$ -	\$ -	\$ 7,465	\$ 3,778	\$ 11,243
Equity in profit (loss) of unconsolidated	\$ -	\$ -	\$ -	\$ -	\$ 14,615	\$ 14,615

## affiliate

Interest expense - intrinsic value of convertible debt, amortization of debt offering costs and amortization of debt discount	\$ -	\$ -	\$ -	\$ -	\$ 741,855	\$ 741,855
Interest expense	\$ -	\$ -	\$ -	\$ 23,293	\$ 364,240	\$ 387,533
Depreciation and amortization	\$ -	\$ -	\$ -	\$ 4,765	\$ 179,704	\$ 184,469
Segment profit (loss)	\$ 1,067,421	\$ 335,921	\$ 111,166	\$ (698 )	\$ (2,682,812 )	\$ (1,169,002 )
Other significant non-cash items:						
Stock, options, warrants and notes issued for compensation and services	\$ -	\$ -	\$ -	\$ -	\$ 1,641	\$ 1,641
Segment assets	\$ -	\$ -	\$ -	\$ 4,264,314	\$ 34,209,939	\$ 38,474,253
Foreign currency translation adjustments	\$ -	\$ -	\$ -	\$ 1,754	\$ -	\$ 1,754
Expenditures for segment assets	\$ -	\$ -	\$ -	\$ 26,052	\$ 131,961	\$ 158,013

Only the Comex/CUI Japan and Other operating segments hold assets individually. The External Power, Internal Power and Industrial Controls operating segments do not hold assets individually as segment assets as they utilize the Company assets held in the Other segment.

## Japan Subsidiaries Summary Financial Information

The following is a summary of the Japanese subsidiaries financial statements as of March 31, 2011:

## Summary Balance Sheet:

Cash	\$ 81,800
Receivables	654,716
Inventory	1,273,297
Other current assets	11,013
Total current assets	2,020,826
Property and equipment, net	219,004
Other assets	655,370
Total assets	\$ 2,895,200
Accounts payable	\$ 245,165
Accounts payable, intercompany	25,681
Demand notes payable	529,707
Accrued expenses	20,419
Accrued compensation	77,876
Advances payable, intercompany	770,892
Notes payable, current portion due	279,398

Edgar Filing: CUI Global, Inc. - Form 10-Q

Notes payable, related party, current portion due	127,643
Total current liabilities	2,076,781
Long term notes payable, net of current portion due	1,111,515
Total liabilities	3,188,296
CUI Global equity investment	170,256
Noncontrolling interest	(346,344 )
Retained earnings	(73,211 )
Accumulated other comprehensive (loss)	(43,797 )
Total stockholders' equity	(293,096 )
Total liabilities and stockholders' equity	\$ 2,895,200

Summary Statement of Operations:

Total revenues	\$ 540,950
Cost of revenues	514,474
Gross profit	26,476
Total operating expenses	151,816
Operating (loss)	(125,340 )
Other income	984
Other expense	(115 )
Gain on debt extinguishment	475,689
Interest expense	(12,300 )
Total other income (expense), net	464,258
Net profit	\$ 338,918

Reclassification

Certain amounts from prior period have been reclassified to conform to the current period presentation.

Recent Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board (“FASB”) issued amended guidance within Accounting Standards Codification (“ASC”) 805, “Business Combinations,” which updates previous guidance on this topic and applies to all material transactions. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) had occurred as of the beginning of the comparable prior annual reporting period only. Additional amendments expand supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The updated guidance is effective for fiscal years beginning after December 15, 2010 and is applied prospectively to business combinations completed on or after that date. The provisions are effective for the Company’s year ending December 31, 2011. We do not expect the adoption of these provisions to have a significant effect on our consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, “Business Combinations (Topic 805): Disclosure of supplementary pro forma information for business combinations.” This update changes the disclosure of pro forma information for business combinations. These changes clarify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. Also, the existing supplemental pro forma disclosures were expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. These changes become effective for the Company beginning January 1, 2011. The Company’s adoption of this update did not have an impact on the Company’s financial condition or results of

operations.

In December 2010, the FASB issued ASU 2010-28, "Intangible –Goodwill and Other (Topic 350): When to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts." This update requires an entity to perform all steps in the test for a reporting unit whose carrying value is zero or negative if it is more likely than not (more than 50%) that a goodwill impairment exists based on qualitative factors, resulting in the elimination of an entity's ability to assert that such a reporting unit's goodwill is not impaired and additional testing is not necessary despite the existence of qualitative factors that indicate otherwise. These changes become effective for the Company beginning January 1, 2011. The adoption of this ASU did not have a material impact on our financial statements.

### 3. INCOME (LOSS) PER COMMON SHARE

Common stock equivalents in the three months ended March 31, 2011 and 2010 were anti-dilutive, thus the diluted weighted average common shares outstanding for this period are the same as the basic weighted average common shares outstanding.

At March 31, 2011 and 2010, respectively, 18,246,516 and 95,559,608 potential common stock shares are issuable upon the exercise of warrants and options and conversion of debt to common stock. These are excluded from computing the diluted net income (loss) per share for the three months ended March 31, 2011 and 2010 as the effect of such shares would be anti-dilutive.

The following table sets forth the computation of basic earnings per share:

	Three months ended March 31, 2011	Three months ended March 31, 2010
Net profit (loss) for the period attributable to CUI Global, Inc.	\$ (93,523 )	\$ (1,172,730 )
Weighted average number of shares outstanding	214,139,219	169,837,626
Weighted average number of common and common equivalent shares	214,139,219	169,837,626
Basic earnings (loss) per share	\$ (0.00 )	\$ (0.01 )

	Three months ended March 31, 2011	Three months ended March 31, 2010
Net profit (loss) for the period attributable to CUI Global, Inc.	\$ (93,523 )	\$ (1,172,730 )
Add: Adjustment for interest on 12% convertible note	-	-
Adjusted net income (loss)	\$ (93,523 )	\$ (1,172,730 )
Weighted average number of shares outstanding	214,139,219	169,837,626
Add: Warrants and options as of beginning of period	-	-
Warrants and options as of date of vesting	-	-
Convertible preferred shares outstanding	-	-
12% convertible notes as of end of period	-	-
Weighted average number of common and common equivalent shares	214,139,219	169,837,626
Diluted earnings (loss) per share	\$ (0.00 )	\$ (0.01 )

### 4. INCOME TAXES

An income tax benefit has not been recognized for operating losses generated in prior periods based on uncertainties concerning the ability to generate taxable income in future periods. The tax benefit as of the three months ended March 31, 2011 and 2010 is offset by a valuation allowance established against deferred tax assets arising from operating losses and other temporary differences, the realization of which could not be considered more likely than not. In future periods, tax benefits and related deferred tax assets will be recognized when management considers realization of such amounts to be more likely than not.

## 5. WORKING CAPITAL LINE OF CREDIT

At March 31, 2011, the Company maintained a \$4,000,000 revolving working capital line of credit with the Business Credit division of Wells Fargo Capital Finance, part of Wells Fargo Bank, National Association (NYSE: WFC), interest payable monthly at the Daily Three Month LIBOR plus 3.75% (4.053% at March 31, 2011). The Wells Fargo LOC expires July 31, 2013. As of the date of this filing, the Company is compliant with all covenants on the new line of credit with Wells Fargo Capital Finance. At March 31, 2011, the balance outstanding on the line of credit was \$1,275,939.

## 6. OPTIONS AND WARRANTS

On May 15, 2008, the Board of Directors approved the Waytronx, Inc. 2008 Equity Incentive Plan ("2008 Plan") for 1,500,000 shares of the Company's common stock. The 2008 Plan provides for the issuance of stock options to attract, retain and motivate employees, to encourage employees, directors and independent contractors to acquire an equity interest in the Company, to make monetary payments to certain employees based upon the value of the Company's stock, and provide employees, directors and independent contractors with an incentive to maximize the success of the Company and further the interest of the shareholders. The 2008 Plan provides for the issuance of Incentive Stock Options and Non Statutory Options. The Administrator of the plan shall determine the exercise price per share at the time the option is granted, but the exercise price shall not be less than the fair market value on the date the option is granted. Stock options granted under the 2008 Plan have a maximum duration of 10 years.

At the 2009 Annual Meeting of Shareholders held on September 29, 2009, the shareholders approved an amendment to the 2008 Equity Incentive Plan to increase the number of common shares issuable under the plan from 1,500,000 to 3,000,000. All of these shares have been registered under Form S-8.

The 2008 Equity Incentive Plans is intended to: (a) provide incentive to employees of the Company and its affiliates to stimulate their efforts toward the continued success of the Company and to operate and manage the business in a manner that will provide for the long-term growth and profitability of the Company; (b) encourage stock ownership by employees, directors and independent contractors by providing them with a means to acquire a proprietary interest in the Company by acquiring shares of Stock or to receive compensation which is based upon appreciation in the value of Stock; and (c) provide a means of obtaining and rewarding employees, directors, independent contractors and advisors.

The 2008 Equity Incentive Plans provide for the issuance of incentive stock options (ISOs) and Non Statutory Options (NSOs) to employees, directors and independent contractors of the Company. The Board shall determine the exercise price per share in the case of an ISO at the time an option is granted and such price shall be not less than the fair market value or 110% of fair market value in the case of a ten percent or greater stockholder. In the case of an NSO, the exercise price shall not be less than the fair market value of one share of stock on the date the option is granted. Unless otherwise determined by the Board, ISOs and NSOs granted under the both plans have a maximum duration of 10 years.

On January 5, 2009 the Company Board of Directors received and approved a written report and recommendations of the Compensation Committee which included a detailed executive equity compensation report and market analysis and the recommendations of Compensia, Inc., a management consulting firm that provides executive compensation



Edgar Filing: CUI Global, Inc. - Form 10-Q

advisory services to compensation committees and senior management of knowledge-based companies. The Compensation Committee used the report and analysis as a basis for its formal written recommendation to the board. Pursuant to a January 8, 2009 board resolution the 2009 Equity Incentive Plan (Executive), a Non-Qualified Stock Option Plan, was created and funded with 4,200,000 shares of \$0.001 par value common stock. The Compensation Committee was appointed as the Plan Administrator to manage the plan. October 11, 2010, CUI Global authorized an additional 3,060,382 options under the 2009 Equity Incentive Plan (Executive).

The 2009 Equity Incentive Plan (Executive) provides for the issuance of Incentive Non Statutory Options to attract, retain and motivate executive and management employees and directors and to encourage these individuals to acquire an equity interest in the Company, to make monetary payments to certain management employees and directors based upon the value of the Company's stock and to provide these individuals with an incentive to maximize the success of the Company and further the interest of the shareholders. The Administrator of the plan is authorized to determine the exercise price per share at the time the option is granted, but the exercise price shall not be less than the fair market value on the date the option is granted. Stock options granted under the 2009 Plan have a maximum duration of 10 years.

At December 31, 2010, there were 3,492,382 non-vested stock options. The fair value of each stock option is estimated on the date of grant using a Black Scholes Pricing Model. During the three months ended March 31, 2011, the Company granted no stock options.

The following information is presented for the stock option activity for the three months ended March 31, 2011:

	Number of Warrants and Options	Weighted Average Exercise Price	Weighted Average Remaining Contract Life
Outstanding at December 31, 2010	8,801,155	\$ 0.25	8.37 Years
Exercised	(8,076 )	\$ 0.19	
Expired	(21,924 )	\$ 0.19	
Forfeited	-	\$ -	
Granted	-	\$ -	
Outstanding at March 31, 2011	8,771,155	\$ 0.25	8.13 Years
Outstanding exercisable at March 31, 2011	5,494,773	\$ 0.22	7.71 Years

The weighted average fair value of options granted during the periods are as follows:

	2011	2010
Exercise price lower than the market price	N/A	N/A
Exercise price equaled the market price	N/A	N/A
Exercise price exceeded the market price	N/A	N/A
Exercise price exceeded the market price	N/A	N/A

The following information is presented for the warrant activity for the three months ended March 31, 2011:

	Number of Warrants	Weighted Average Exercise Price	Weighted Average Remaining Contract Life
Outstanding at December 31, 2010	12,499,028	\$ 0.12	0.48 Years
Exercised	-	\$ -	
Expired	-	\$ -	
Forfeited	-	\$ -	

Granted	-	\$	-	
Outstanding at March 31, 2011	12,499,028	\$	0.12	0.23 Years
Outstanding exercisable at March 31, 2011	12,499,028	\$	0.12	0.23 Years

## 7. NOTES PAYABLE

At December 31, 2010, the Company had a secured promissory note totaling \$481,326 due January 1, 2012, interest accrues at 12% per annum, payable monthly, until the maturity of the note at which time the remaining principal is due. As of March 31, 2011, the balance remaining on this note is \$435,309 and is included in Notes payable, current portion due.

In conjunction with the acquisition of CUI, Inc., the Company utilized a \$6,000,000 bank loan from Commerce Bank of Oregon secured by personal Letters of Credit from related parties. In August 2010, this loan was paid down to \$4,000,000 and was replaced by a \$4,000,000 term note through the Business Credit division of Wells Fargo Capital Finance, Wells Fargo Bank, National Association, with a July 31, 2011 maturity date, paying interest only at an interest rate equal to the daily three month LIBOR plus 4.00% (4.303% at March 31, 2011), and secured by personal Letters of Credit from a related party. The balance at December 31, 2010 was \$4,000,000. As of March 31, 2011, the balance of this term note is \$4,000,000 and is included in Notes payable, current portion due. The Company is in the process of renewing this term note.

Additionally, the Company utilized a \$14,000,000 promissory note to International Electronic Devices, Inc. (formerly CUI, Inc.) in conjunction with the acquisition of CUI, Inc. The note was originally due May 15, 2011. In September 2010, the Company negotiated an amendment to this note which extended the maturity date to May 15, 2018. Interest accrues at 6% per annum and is payable monthly with the principal due as a balloon payment at the term date. At December 31, 2010, the balance of this note was \$10,796,191. During the first quarter of 2011, in accordance with the September 2010 amendment, the Company paid to International Electronic Devices, Inc. \$300,000 in principal and transferred the value of a note receivable owed to CUI, Inc. from TPI in the amount of \$192,508 which was applied to the principal balance. As of March 31, 2011, the balance on this note is \$10,303,683 and is included in Long term notes payable, related party.

At December 31, 2010, the Company had several notes payable through its subsidiaries CUI Japan and Comex Electronics. As of March 31, 2011, the Company has notes payable through its subsidiaries CUI Japan and Comex Electronics as follows, demand notes payable of \$529,707, current notes payable of \$279,398, current notes payable, related party of \$127,643 and long term notes payable of \$1,111,515. These notes have interest rates as of March 31, 2011 ranging from 1.975% to 3.85% and term dates from April 20, 2011 to August 10, 2020. During the three months ended March 31, 2011, CUI Global subsidiary Comex Electronics recognized a gain on debt extinguishments of \$475,689.

## 8. OTHER EQUITY TRANSACTIONS

On January 6, 2011, the 50,000 issuable shares listed on the balance sheet as of December 31, 2010 were issued.

On February 7 and 10, 2011, two former employees completed cashless exercises of their options for which 8,076 shares of common stock were issued. The Company did not receive funds from these options exercises as they were cashless.

On March 11, 2011, 178,723 shares of common stock were issued, when earned, pursuant to a consultant agreement for strategic investor marketing services. The shares had a fair value of \$42,000.

## 9. CONCENTRATIONS

During the three months ended March 31, 2011 and 2010, respectively, 35.09% and 27.90% of revenues were derived from one customer

At March 31, 2011 a single customer balance accounted for 14.7% of the total trade receivables balance. At March 31, 2010, there was no customer balance maintained in trade receivables of 10% or more of the total trade receivables balance.

## 10. SUBSEQUENT EVENTS

On April 15, 2011, CUI Global entered into a financial public relations agreement with a consulting firm.

On April 19, 2011, Thomas A. Price, a member of the Board of Directors of CUI Global, Inc., exercised 700,000 warrants which he previously received in exchange for a personal guarantee of a bank note provided on behalf of the Company in May 2008. The Company received \$7,000 from the exercise of these warrants.

On April 20, 2011, CUI Global subsidiary Comex Electronics obtained two short term loans totaling approximately \$92,000, maturing in May and June 2011, with interest rates of 2.975% and 3.85%.

On April 21, 2011, CUI Global subsidiary Comex Electronics renewed a short term debt obligation of approximately \$182,000 maturing in July 2011 with interest at 3.85%.

On May 4, 2011, Mitchell Saltz, a beneficial owner of more than 5% of the outstanding common stock, exercised 300,000 warrants which he previously received in exchange for a personal guarantee of a bank note provided on behalf of the Company in May 2008. The Company received \$3,000 from the exercise of these warrants.

On May 5, 2011, the Company entered into an agreement to sell 6,000,000 shares of restricted common stock at a per share price of \$0.25. The stock will be sold in 4 tranches beginning May 9, 2011 and ending July 15, 2011.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### General

Management's discussion and analysis contains various "forward looking statements." Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward-looking terminology such as "may," "expect," "anticipate," "estimate," or "continue" or use of negative or other variations or comparative terminology.

CUI Global cautions that these forward-looking statements are further qualified by important factors that could cause actual results to differ materially, are necessarily speculative, and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward-looking statements.

### Overview

CUI Global, Inc., formerly known as Waytronx, Inc., is a Colorado corporation organized on April 21, 1998. The Company's principal place of business is located at 20050 SW 112th Avenue, Tualatin, Oregon 97062, phone (503) 612-2300. CUI Global is a platform company dedicated to maximizing shareholder value through the acquisition, development and commercialization of new, innovative technologies. Through its subsidiaries, CUI Global has built a diversified portfolio of industry leading technologies that touch many markets.

During the three months ended March 31, 2011, CUI Global had \$29,826 profit from operations. During the three months ended March 31, 2011, CUI Global had consolidated net profit of \$81,043, with a net loss attributable to CUI

Global of \$93,523. The net loss is primarily the result of interest expense and interest expense – amortization of debt offering costs.

#### CUI, Inc. - Subsidiary

CUI, Inc., is a Tualatin, Oregon based provider of electronic components including power supplies, transformers, converters, connectors and industrial controls for Original Equipment Manufacturers (OEMs). Through CUI, Inc., the Company holds 352,589 common shares (representing a 11.54%, 11.54% and 10.47% interest at March 31, 2011, December 31, 2010 and March 31, 2010, respectively) in Test Products International, Inc., a provider of handheld test and measurement equipment. Since its inception in 1989, CUI has been delivering quality products, extensive application solutions and superior personal service. CUI's solid customer commitment and honest corporate message are a hallmark in the industry. The Company does not expect any organizational changes to CUI's operations.

Through CUI's capabilities and extensive contacts throughout Asia, CUI Global is able to continue to identify, acquire and commercialize new proprietary technologies. CUI Global will use CUI's market partners and global distribution capabilities to bring other products to market, including the Digital Power Modules, GASPT2 and other proprietary devices, described below. CUI's testing and R&D capabilities allow CUI Global to commercialize and prototype its products more efficiently and economically.

CUI defines its product into three categories: components including connectors, speakers and buzzers; control solutions including encoders and sensors; and power solutions known as V-Infinity. These offerings provide a technology architecture that addresses power and related accessories to industries ranging from consumer electronics to defense and alternative energy.

#### Digital POL Modules

CUI's power division, V-Infinity, has developed a line of digital point-of-load (POL) modules that will utilize digital power-conversion ICs. The new Novum series is focused on providing complete, easy-to-use solutions to make digital power accessible to a wide array of users. The modules will combine high power density in a compact footprint and offer a wide array of digital control and power management functions. Initially, it will utilize Powervation's patented Auto-control™ technology which will allow the new modules to work in real time ensuring stability and improved transient response. A wide array of digital power control functions will be supported including current monitoring, temp sensing, margining and voltage sequencing. The primary market is in the networking and communication space with customers that deploy an intermediate bus architecture. These companies have large scale power platform needs that the digital modules address. Though the design cycles are long, ranging anywhere from 18-48 months, the business once designed in, is stable and long-term.

#### Digital Power Patent License Agreement with Power-One, Inc.

CUI entered into a non-exclusive Field of Use Agreement with Power-One, Inc. (NASDAQ: PWER) to license Power-One's Digital Power Technology patents. The license provides access to Power-One's portfolio of Digital Power Technology patents for incorporation into CUI's new line of digital point of load power modules. CUI, through its power division, manufactures a range of embedded and external power electronics devices for OEM manufacturers.

#### Solus Topology License with California Power Research

CUI entered into an exclusive Field of Use Agreement with California Power Research to license their BPS-5 topology, now marketed as the Solus Topology. This topology provides industry leading efficiencies and densities in power design. The topology is broadly applicable to both DC-DC and AC-DC products. This will allow for CUI to have a long roadmap of industry leading products to service its broad customer base. In addition, its first target is the Intermediate Bus Architecture (IBA) where the Digital POL modules are used.

#### GASPT2 Product

Through an exclusive licensing contract with GL Industrial Services UK, Ltd. (GL), formerly British-based Advantica, Ltd., CUI Global owns exclusive rights to manufacture, sell, and distribute a Gas Quality Inferential

Measurement Device (GASPT2) designed by GL on a worldwide basis.

The GASPT2, designed by GL, is a low cost solution to measuring gas quality. It can be connected to a natural gas system to provide a fast, accurate, close to real time measurement of the gas physical properties, such as thermal conductivity, speed of sound and carbon dioxide content. From these measurements it infers an effective gas mixture comprising four components: methane, propane, nitrogen, and measured carbon dioxide and then uses ISO6976 to calculate the gas quality characteristics of calorific value (CV), Wobbe index (WI), relative density (RD), and compression factor (Z). Through Bluetooth Technology, this information can be provided to a remote, centralized monitoring facility. This licensing contract anticipates between \$35,000,000 and \$40,000,000 in sales during the first four years of the agreement. According to our review, the market studies commissioned by GL and GL's experience in the natural gas industry all demonstrate that these contract numbers are conservative and achievable.

As of March 31, 2011, the Company had reached agreements with several European and US companies to place beta test units for both laboratory and in-field testing. The Company delivered beta test units in April 2011 to several of the European companies. These beta test programs are expected to last between 90 and 180 days.

#### ISO 9001:2008 Certification

CUI, Inc. is certified to the ISO 9001:2008 Quality Management Systems standards and guidelines. CUI is registered as conforming to the requirements of standard: ISO 9001:2008, The Quality Management System is applicable to Design, Development and Distribution of electro-mechanical components for OEM manufacturing. ISO 9001 is accepted worldwide as the inclusive international standard that defines quality.

The certification of compliance with ISO 9001:2008 recognizes that our policies, practices and procedures ensure consistent quality in the design services, technology and products we provide our customers.

#### Comex Electronics and CUI Japan - Subsidiaries

CUI Global, through its Japanese subsidiaries, CUI Japan (formerly Comex Instruments, Ltd.) and 49% controlled Comex Electronics Ltd. provides DSP based digital to analog and analog to digital test and measurement systems and electronic components for OEM research and development. Through Comex Electronics, CUI Global owns a manufacturing facility which allows the Company to manufacture many of the CUI Japan and Comex Electronics products as well as some of the CUI Inc. products such as the AMT encoder.

#### ISO 9001:2008 Certification

Comex Electronics is certified to the ISO 9001:2008 Quality Management Systems standards and guidelines. Comex Electronics is registered as conforming to the requirements of standard: ISO 9001:2008, The Quality Management System is applicable to Design, Development and Distribution of electrical machinery apparatus. ISO 9001 is accepted worldwide as the inclusive international standard that defines quality.

The certification of compliance with ISO 9001:2008 recognizes that our policies, practices and procedures ensure consistent quality in the design services, technology and products we provide our customers.

#### ISO 14001:2004 Accreditation

Comex Electronics (Nagano factory) is certified to the ISO 14001:2004 Environmental Management Systems standards and guidelines. Comex Electronics (Nagano factory) is registered as conforming to the requirements of standard: ISO 14001:2004, The Environmental Management Systems are applicable to Design, manufacture, and wholesale of electrical machinery apparatus.

The certification of compliance with ISO 14001:2004 recognizes that our policies, practices and procedures ensure consistent quality in the design services, technology and products we provide our customers.

#### Impact of Japan Earthquake and Tsunami of 2011

CUI Global, Inc. subsidiaries CUI Japan and Comex Electronics did not experience any damages to its facilities or injuries to employees as a result of the March 2011 earthquake and subsequent tsunami. CUI Global continues to analyze the broader effects on its industries and its business. While the Japan subsidiaries are a relatively small component of CUI Global, Inc.'s total revenue, Japan is a large supplier to the global market for semiconductors and other components. The electronics industry, as well as many other industries, source components from Japan. It is most likely that the events in Japan will affect the supply of components, but it is too early to say to what extent. Business continuity plans and work to assess the impact, if any, on CUI Global, Inc. and mitigation activities has been ongoing since the event took place. We will continue to closely monitor the situation in Japan to take further action where necessary. It is, however, too early to draw any further conclusions as the situation is still developing.

#### WayCool/WayFast

While we continue to believe in the value and viability of the WayCool/WayFast technology and related patent portfolio, we have yet to hear back from our submission to DARPA. Moreover, a thorough analysis of the WayCool/WayFast Technology reveals that development will consume significant additional monies and as much as two to three years of development. Taking those facts into account, the Company has made the decision to postpone any further development of the technology while it continues to seek other options for commercializing this technology, including continuing its relationship with Innovaro. In 2010, the Company recorded impairment charges of \$3,105,956 on the technology rights and \$418,185 on patents associated with the WayCool/WayFast technology.

#### Intellectual Property

The Company relies on various intellectual property laws and contractual restrictions to protect its proprietary rights in products, logos and services. These include confidentiality, invention assignment, and nondisclosure agreements with employees, contractors, suppliers and strategic partners. The confidentiality and nondisclosure agreements with employees, contractors and suppliers are in perpetuity or for a sufficient length of time so as to not threaten exposure of proprietary information.

CUI Global continues to file and protect its intellectual property rights, trademarks and products through filings with the US Patent and Trademark Office and, as applicable, internationally.

#### Liquidity and Capital Resources

##### General

Cash and cash equivalents at March 31, 2011 are \$146,577, and there is net working capital deficiency of \$1,041,382. Operations and investments in patents and equipment have been funded through cash from operations, and the bank line of credit during the three month period.

##### Cash provided by (used in) operations

Operating requirements generated a negative cash flow from operations of \$584,427 for the three months ended March 31, 2011, versus a negative cash flow from operations of \$247,539 for the same period last year. The improvement in cash used in operations is primarily the result of the lower net loss incurred in the first quarter of 2011 associated with a decrease in non-cash interest expense and increase in sales and gross profit, a decrease in bad debt expense, increase in depreciation and amortization expenses, a decrease in trade accounts receivable, a decrease in inventory, decreased deposits and other assets, increase in accounts payable, decrease in accrued expenses, and a decrease in accrued compensation.

During the first three months of 2011 and 2010 stock options have been used as a form of payment to certain consultants, note holders, employees and directors. For the first three months of 2011 and 2010, a total of \$89,177 and \$1,641, respectively, was recorded for compensation and services expense including amortization of deferred compensation related to equity given, or to be given, to employees, directors and consultants for services provided.

As the Company focuses on technology development and product line additions during 2011, it will continue to fund research and development together with related sales and marketing efforts for its various product offerings.

#### Capital Expenditures and Investments

The Company invested \$0 in other intangible assets related to products during the first three months of 2011 as compared to \$20,651 for the same period last year.

CUI Global invested \$0 in patent costs during the first three months of 2011 as compared to \$1,925 for the same period last year. It is expected that investment in patent costs will continue throughout 2011 as patents are pursued in order to protect the rights to use its product developments.

During the first three months of 2011 and 2010, there was \$99,974 and \$135,437 investment in property and equipment, respectively.

#### Financing activities

During the first three months of 2011, the Company received proceeds of \$281,032 from notes and loans payable, and the Company issued payments of \$621,517 on demand notes payable, \$272,701 of payments were made against notes and loans payable, and \$359,565 of payments were made against notes and loans payable, related party. CUI Global plans on raising the capital needed to fund the further development and marketing of its products as well as payment of its debt obligations.

#### Recap of liquidity and capital resources

The report of our independent registered public accounting firm on our financial statements as of December 31, 2010 contains an explanatory paragraph expressing uncertainty with respect to our ability to continue as a going concern. Prior to the acquisition of CUI, Inc. the Company was not generating significant revenues to fund operations. Management believes the Company to be generating sufficient revenues to fund operations. As of March 31, 2011 the Company had an accumulated deficit of \$73,690,261.

The Company may seek to raise additional capital for the commercialization and further development of its product and technology offerings as well as to further reduce debt. The Company believes its operations and existing financing structure will provide sufficient cash to meet its short-term working capital requirements for the next twelve months. As the Company continues to expand and develop its technology and product lines as well as retire debt, additional funding sources may be required. The Company will attempt to raise these funds through borrowing instruments or issuing additional equity.

At March 31, 2011, the Company maintained a \$4,000,000 revolving working capital line of credit with the Business Credit division of Wells Fargo Capital Finance, part of Wells Fargo Bank, National Association (NYSE: WFC), interest payable monthly at the Daily Three Month LIBOR plus 3.75% (4.053% at March 31, 2011). The Wells Fargo LOC expires July 31, 2013. As of the date of this filing, the Company is compliant with all covenants on the new line of credit with Wells Fargo Capital Finance. At March 31, 2011, the balance outstanding on the line of credit was \$1,275,939.

During the three months ended March 31, 2011, the Company received no equity investments through the sale of common stock and the exercise of options and warrants.

The Company expects the revenues from CUI, Inc., CUI Japan and Comex Electronics to help cover operating and other expenses for the next twelve months of operations. If revenues are not sufficient to cover all operating and other expenses, additional funding will be required. There is no assurance the Company will be able to raise such additional capital. The failure to raise capital or generate product sales in the expected time frame will have a material adverse effect on the Company.

## Results of Operations

### Revenue

During the three months ended March 31, 2010 and 2009, revenue was \$10,048,033 and \$7,668,805, respectively. The revenue for the three months ended March 31, 2011 is comprised of \$9,488,125 from CUI products, \$540,950 from CUI Japan and Comex Electronics products, and \$18,958 for freight. The revenue for the three months ended March 31, 2010 is comprised of \$6,481,001 from CUI products, \$1,167,562 from CUI Japan and Comex Electronics products, \$20,147 for freight, and \$95 from RediAlert™ products.

### Cost of revenues

The cost of revenue for the three months ended March 31, 2011 and 2010, was \$6,367,830 and \$4,826,439, respectively.

### Selling, General and Administrative Expenses

Selling, General and Administrative (SG&A) expenses include such items as wages, commissions, consulting, general office expenses, business promotion expenses and costs of being a public company, including legal and accounting fees, insurance and investor relations.

For the three months ended March 31, 2011 compared to the same period in 2010, SG&A expenses increased \$636,861. The increase is primarily associated with the SG&A expenses associated with the increase in overall business activity. As a percentage of total revenue, SG&A expenses have decreased 2.40% as compared to the first quarter ended 2010.

### Research and Development

The research and development costs are related to the development of technology and products. Research and development costs were \$184,481 and \$81,158, for the three months ended March 31, 2011 and 2010, respectively.

### Bad Debt

The bad debt expense for the three months ended March 31, 2011 and 2010 was \$0 and \$10,890, respectively. The bad debt expense for both periods relates to miscellaneous customers.

### Gain on Debt Extinguishments

During the three months ended March 31, 2011 and 2010, CUI Global recognized gain on debt extinguishments of \$475,689 and \$0, respectively.

### Other Income

Other income for the three months ended March 31, 2011, consisted of \$3,140 of interest income, \$2,484 recovery of bad debts, and \$972 of miscellaneous income. Other income for the three months ended March 31, 2010, consisted of \$19,579 gain on foreign exchange, \$16,712 recovery of bad debts, \$11,243 interest income, \$6,090 of rental income, and \$2,771 of miscellaneous income.

### Investment Income

The Company recognized income of \$18,152 on equity investment in affiliate for the three months ended March 31, 2011. For the same period ended 2010, the Company recognized income of \$14,615 on equity investment in an affiliate.

### Convertible debt and amortization of debt discount and debt offering costs

The Company recorded an expense of \$191,220 and \$741,855, for the three months ended March 31, 2011 and 2010, respectively, for the amortization of debt discount and debt offering costs. The decrease in expense in 2011 is related to the reduction in the debt discount related to the 2009 and 2010 reductions of debt and related debt discounts associated with the convertible note and note payable used to fund the acquisition of CUI, Inc.



#### Interest Expense

The interest expense of \$242,444 and \$387,533 for the three months ended March 31, 2011 and 2010, respectively is for interest on the bank operating line of credit, bank loans, and secured and unsecured promissory notes. The decrease is primarily due to the reduction of debt in 2010 and the first quarter of 2011 through debt settlements and principal payments.

#### Preferred Stock Dividends

No preferred dividend expense was recorded by the Company during the three months ended March 31, 2011 and 2010, as during 2006 all Series A and B Convertible Preferred shareholders accepted the Company's offer to receive all outstanding dividends through March 2006 in either cash or common shares at a per share price of \$0.20.

#### Critical Accounting Policies

Our financial statements and related public financial information are based on the application of accounting principles generally accepted in the United States ("GAAP"). GAAP requires the use of estimates; assumptions, judgments and subjective interpretations of accounting principles that have an impact on the assets, liabilities, revenue and expense amounts reported. These estimates can also affect supplemental information contained in our external disclosures including information regarding contingencies, risk and financial condition. We believe our use of estimates and underlying accounting assumptions adhere to GAAP and are consistently and conservatively applied. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates under different assumptions or conditions. We continue to monitor significant estimates made during the preparation of our financial statements.

Our significant accounting policies are summarized in Note 2 of our financial statements. While all these significant accounting policies impact its financial condition and results of operations, we view certain of these policies as critical. Policies determined to be critical are those policies that have the most significant impact on our financial statements and require management to use a greater degree of judgment and estimates. Actual results may differ from those estimates. Our management believes that given current facts and circumstances, it is unlikely that applying any other reasonable judgments or estimate methodologies would cause effect on our results of operations, financial position or liquidity for the periods presented in this report.

#### Recent Accounting Pronouncements

In December 2010, the Financial Accounting Standards Board ("FASB") issued amended guidance within Accounting Standards Codification ("ASC") 805, "Business Combinations," which updates previous guidance on this topic and applies to all material transactions. The amendments specify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination(s) had occurred as of the beginning of the comparable prior annual reporting period only. Additional amendments expand supplemental pro forma disclosures to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The updated guidance is effective for fiscal years beginning after December 15, 2010 and is applied prospectively to business combinations completed on or after that date. The provisions are effective for the Company's year ending December 31, 2011. We do not expect the adoption of these provisions to have a significant effect on our consolidated financial statements.

In December 2010, the FASB issued ASU 2010-29, "Business Combinations (Topic 805): Disclosure of supplementary pro forma information for business combinations." This update changes the disclosure of pro forma information for business combinations. These changes clarify that if a public entity presents comparative financial statements, the entity should disclose revenue and earnings of the combined entity as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. Also, the existing supplemental pro forma disclosures were expanded to include a description of the nature and amount of material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported

pro forma revenue and earnings. These changes become effective for the Company beginning January 1, 2011. The Company's adoption of this update did not have an impact on the Company's financial condition or results of operations.

In December 2010, the FASB issued ASU 2010-28, "Intangible – Goodwill and Other (Topic 350): When to perform Step 2 of the goodwill impairment test for reporting units with zero or negative carrying amounts." This update requires an entity to perform all steps in the test for a reporting unit whose carrying value is zero or negative if it is more likely than not (more than 50%) that a goodwill impairment exists based on qualitative factors, resulting in the elimination of an entity's ability to assert that such a reporting unit's goodwill is not impaired and additional testing is not necessary despite the existence of qualitative factors that indicate otherwise. These changes become effective for the Company beginning January 1, 2011. The adoption of this ASU did not have a material impact on our financial statements.

#### Off-Balance Sheet Arrangements

None.

#### Item 3. Quantitative and Qualitative Disclosure about Market Risk

A smaller reporting company, as defined by Rule 229.10(f)(1), is not required to provide the information required by this Item.

### PART II – OTHER INFORMATION

#### Item 1. Legal Proceedings.

The Company and its subsidiaries are not a party in any legal proceedings. No director, officer or affiliate of the Company, any owner of record or beneficially of more than five percent of any class of voting securities of the Company or any associate of any such director, officer, affiliate of the Company or security holder is a party adverse to the Company or any of its subsidiaries or has a material interest adverse to the Company or any of its subsidiaries.

#### Item 1A: Risk Factors.

A smaller reporting company is not required to provide the information required by this Item.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The Company relied on Section 4(2) of the Securities Act of 1933 as the basis for an exemption from registration for the following issuances.

##### Common Stock Issued

During the three months ended March 31, 2011, the Company issued the following shares of common stock:

- 50,000 shares of common stock were issued in relation to the 50,000 issuable shares listed on the balance sheet as of December 31, 2010.
  - 8,076 shares of common stock were issued in relation to the exercise of shares under the 2008 Equity Incentive Plan options at \$0.19 per share. The company received no cash payment for these shares because the options were exercised through a cashless exercise election.
- 178,723 shares of common stock were issued for services performed by a consultant. The share had a fair value of \$42,000. The Company recorded a \$42,000 consulting expense in relation to this transaction.

#### Item 3. Defaults upon Senior Securities.

None.

Item 4. (Removed and Reserved).

Item 5. Other Information.

The following reports on Form 8-K were filed during the three months ended March 31, 2011:

- (a) A report on Form 8-K filed on January 4, 2011, reporting the Company's name change to CUI Global, Inc.
- (b) A report on Form 8-K filed on January 7, 2011, reporting the sale of unregistered securities.
- (c) A report on Form 8-K filed on March 28, 2011, reporting the restatement of financials.

Item 6. Exhibits

The following exhibits are included as part of this Form 10-Q.

Exhibit No.	Description
3.11	Amended Articles of Incorporation
3.21	Bylaws of the Registrant.
3.32	Articles of Amendment to Certificate of Incorporation - Certificate of Designations, Preferences, Limitations and Relative Rights of the Series A Preferred Stock, filed July 25, 2002.
3.42	Articles of Amendment to Articles of Incorporation-Terms of Series A Convertible Preferred Stock, filed November 13, 2003.
3.52	Restated Articles of Incorporation to increase the authorized common stock to 150,000,000 shares, filed December 23, 2003.
3.62	Restated Articles of Incorporation - Certificate of Designations of the Series B Convertible Preferred Stock, filed April 1, 2004.
3.73	Restated Articles of Incorporation, Officers' Certificate and Colorado Secretary of State Certificate filed June 30, 2004 showing corporate name change to OnScreen Technologies, Inc.
3.84	Restated Articles of Incorporation and Colorado Secretary of State Certificate filed January 7, 2008 showing corporate name change to Waytronx, Inc.
3.98	Restated Articles of incorporation to increase the authorized common shares to 325,000,000 shares.
3.1012	Restated Articles of Incorporation and Colorado Secretary of State Certificate filed January 7, 2008 showing corporate name change to CUI Global, Inc.
10.236	OnScreen Technologies, Inc. 2005 Equity Incentive Plan
10.257	Employment Agreement between the Registrant and William J. Clough, Esq. dated November 21, 2005.
10.289	2008 Equity Incentive Plan.
10.2911	Convertible Promissory Note dated May 15, 2008, in the principal amount of \$17,500,000 relating to the purchase of CUI, Inc. assets.
10.3011	Promissory Note dated May 15, 2008, in the principal amount of \$14,000,000 relating to the purchase of CUI, Inc. assets.
10.3111	Amendment to \$17,500,000 Convertible Promissory Note effective May 1, 2009.
10.3211	Amendment to \$14,000,000 Promissory Note effective September 1, 2010.
10.3311	Agreement for Accord and Satisfaction of an Undisputed Debt dated April 1, 2010.
10.3412	Stock Sale and Purchase Agreement dated July 1, 2009.
10.3512	Amendment to Stock Sale and Purchase Agreement Between Waytronx, Inc., Kunio Yamagishi and Others on July 1, 2009.
10.3612	Amendment No. "A" to Stock Sale and Purchase Agreement dated November 11, 2009.
22.6	Proxy Statement and Notice of 2010 Annual Shareholder Meeting filed with the Commission on October 5, 2010.
31.112	

Edgar Filing: CUI Global, Inc. - Form 10-Q

- Certification of Chief Executive Officer pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 203 of the Sarbanes-Oxley Act of 2002.
- 31.212 Certification of Chief Financial Officer pursuant to Exchange Act Rules 13a-15(e) and 15d-15(e), as adopted pursuant to Section 203 of the Sarbanes-Oxley Act of 2002.
- 32.112 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.212 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Footnotes to Exhibits:

- 1 Incorporated by reference to our Registration Statement on Form SB-2/A filed with the Commission on October 26, 2001.
- 2 Incorporated by reference to our Report on Form 10-KSB filed with the Commission on April 14, 2004.
- 3 Incorporated by reference to our Report on Form 10-KSB filed with the Commission on March 31, 2005.
- 4 Incorporated by reference to our Registration Statement on Form S-8 filed with the Commission on March 12, 2008.
- 5 Incorporated by reference to our Report on Form 10-KSB filed with the Commission on May 4, 2005.
- 6 Incorporated by reference to our Proxy Statement pursuant to Section 14(a) filed with the Commission on October 7, 2005.
- 7 Incorporated by reference to our Report on Form 10-KSB filed with the Commission on February 24, 2006.
- 8 Incorporated by reference to the Proxy Statement and Notice of 2008 Annual Shareholder Meeting filed with the Commission July 3, 2008.
- 9 Incorporated by reference to our Registration Statement on Form S-8 filed with the Commission on March 12, 2008.
- 10 Incorporated by reference to our Annual Report on Form 10-K filed with the Commission on April 1, 2010.
- 11 Incorporated by reference to our Annual Report on Form 10-K filed with the Commission on March 30, 2011.

12

Filed herewith.

SIGNATURES

Pursuant to the requirements 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.

Signed and submitted this 9th day of May 2011.

CUI Global, Inc.

By: /s/ William J. Clough  
William J. Clough,  
Chief Executive Officer/President

by: /s/ Daniel N. Ford  
Daniel N. Ford,  
Chief Financial Officer