

UNIVERSAL SECURITY INSTRUMENTS INC  
Form 10-Q  
November 12, 2010

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

FORM 10-Q

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

For the Quarterly period ended September 30, 2010

OR

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

Commission file number 001-31747

UNIVERSAL SECURITY INSTRUMENTS, INC.  
(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

52-0898545  
(I.R.S. Employer  
Identification No.)

11407 Cronhill Drive, Suite A  
Owings Mills, Maryland  
(Address of principal executive offices)

21117  
(Zip Code)

Registrant's telephone number, including area code: (410) 363-3000

Inapplicable

(Former name, former address and former fiscal year if changed from last report.)

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  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. Large accelerated filer  Accelerated filer  Non-Accelerated Filer  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

At November 10, 2010, the number of shares outstanding of the registrant's common stock was 2,387,887.

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## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

UNIVERSAL SECURITY INSTRUMENTS, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

	(unaudited) September 30, 2010	(audited) March 31, 2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,342,070	\$ 2,253,631
Assets held for investment	6,154,124	4,001,890
Accounts receivable:		
Trade less allowance for doubtful accounts of approximately \$90,000 at September 30, 2010 and March 31, 2010	189,111	266,526
Other receivables	69,049	70,523
Receivable from Hong Kong Joint Venture	431,870	212,622
Amount due from factor	1,479,361	3,824,553
Inventories, net of allowance for obsolete inventory of \$100,000 at September 30, 2010 and March 31, 2010	3,064,018	3,439,906
Prepaid expenses	379,077	351,192
<b>TOTAL CURRENT ASSETS</b>	<b>13,108,680</b>	<b>14,420,843</b>
DEFERRED TAX ASSET	1,886,111	1,877,156
INVESTMENT IN HONG KONG JOINT VENTURE	12,731,632	12,153,456
PROPERTY AND EQUIPMENT – NET	174,256	199,163
OTHER ASSETS	20,136	20,136
<b>TOTAL ASSETS</b>	<b>\$ 27,920,815</b>	<b>\$ 28,670,754</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 703,705	\$ 689,762
Hong Kong Joint Venture accounts payable	205,621	1,472,993
Accrued liabilities:		
Payroll and employee benefits	151,932	232,034
Commissions and other	36,598	47,001
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,097,856</b>	<b>2,441,790</b>
Long-term obligation	46,458	46,459
<b>COMMITMENTS AND CONTINGENCIES</b>	<b>-</b>	<b>-</b>
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