

NETLIST INC
Form 10-Q
May 15, 2009
[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended April 4, 2009

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 001-33170

NETLIST, INC.

(Exact name of registrant as specified in its charter)

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Delaware
State or other jurisdiction of
incorporation or organization

95-4812784
(I.R.S. Employer
Identification No.)

51 Discovery, Irvine, CA 92618

(Address of principal executive offices) (Zip Code)

(949) 435-0025

(Registrant's telephone number, including area code)

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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 (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

The number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date:

Common Stock, par value \$0.001 per share

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19,855,411 shares outstanding at April 30, 2009

Table of Contents

NETLIST, INC. AND SUBSIDIARIES

QUARTERLY REPORT ON FORM 10-Q

FOR THE THREE MONTHS ENDED APRIL 4, 2009

TABLE OF CONTENTS

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	Page
<u>PART I. FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets at April 4, 2009 (unaudited) and January 3, 2009 (audited)</u>	3
<u>Unaudited Condensed Consolidated Statements of Operations for the Three Months Ended April 4, 2009 and March 29, 2008</u>	4
<u>Unaudited Condensed Consolidated Statements of Cash Flows for the Three Months Ended April 4, 2009 and March 29, 2008</u>	5
<u>Notes to Unaudited Condensed Consolidated Financial Statements</u>	6
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	18
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	28
<u>Item 4. Controls and Procedures</u>	28
<u>Item 4T. Controls and Procedures</u>	28
<u>PART II. OTHER INFORMATION</u>	29
<u>Item 1. Legal Proceedings</u>	29
<u>Item 1A. Risk Factors</u>	29
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	29
<u>Item 3. Defaults Upon Senior Securities</u>	29
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	29
<u>Item 5. Other Information</u>	29
<u>Item 6. Exhibits</u>	30

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

NETLIST, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(in thousands, except par value)

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	(unaudited) April 4, 2009	(audited) January 3, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,563	\$ 15,214
Investments in marketable securities	11,077	5,199
Accounts receivable, net	895	1,917
Inventories	1,322	1,829
Income taxes receivable	647	1,880
Prepaid expenses and other current assets	786	761
Total current assets	23,290	26,800
Property and equipment, net	6,272	6,939
Long-term investments in marketable securities	981	960
Other assets	225	234
Total assets	\$ 30,768	\$ 34,933
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 1,320	\$ 1,786
Current portion of long-term debt	433	474
Current portion of deferred gain on sale and leaseback transaction	118	118
Accrued expenses and other current liabilities	2,045	2,083
Total current liabilities	3,916	4,461
Long-term debt, net of current portion	48	130
Deferred gain on sale and leaseback transaction, net of current portion	78	108
Total liabilities	4,042	4,699
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value - 90,000 shares authorized; 19,855 shares issued and outstanding	20	20
Additional paid-in capital	69,690	69,383
Accumulated deficit	(42,960)	(39,113)
Accumulated other comprehensive loss	(24)	(56)
Total stockholders' equity	26,726	30,234
Total liabilities and stockholders' equity	\$ 30,768	\$ 34,933

See accompanying notes.

Table of Contents

NETLIST, INC. AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

(in thousands, except per share amounts)

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	Three Months Ended	
	April 4, 2009	March 29, 2008
Net sales	\$ 2,162	\$ 13,104
Cost of sales(1)	2,699	9,973
Gross (loss) profit	(537)	3,131
Operating expenses:		
Research and development(1)	1,614	1,576
Selling, general and administrative(1)	1,935	3,468
Total operating expenses	3,549	5,044
Operating loss	(4,086)	(1,913)
Other income (expense):		
Interest income, net	82	239
Other income (expense), net	175	(91)
Total other income, net		