

PIXELWORKS, INC
Form 10-Q
November 02, 2012
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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 September 30, 2012

or

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

For the transition period from _____ to _____
Commission File Number: 000-30269

PIXELWORKS, INC.
(Exact name of registrant as specified in its charter)

OREGON 91-1761992
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

224 Airport Parkway, Suite 400 95110
San Jose, California
(Address of principal executive offices) (Zip Code)
(408) 200-9200
(Registrant's telephone number, including area code)

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 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.

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

Number of shares of Common Stock outstanding as of October 31, 2012: 18,400,783

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

PIXELWORKS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$15,566	\$15,092
Accounts receivable, net	3,756	4,557
Inventories	4,729	4,107
Prepaid expenses and other current assets	2,176	2,341
Total current assets	26,227	26,097
Property and equipment, net	7,019	7,366
Other assets, net	1,918	2,914
Total assets	\$35,164	\$36,377
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$4,347	\$4,428
Accrued liabilities and current portion of long-term liabilities	9,183	8,247
Current portion of income taxes payable	129	212
Total current liabilities	13,659	12,887
Long-term liabilities, net of current portion	1,729	2,467
Income taxes payable, net of current portion	2,139	3,223
Total liabilities	17,527	18,577
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Preferred stock	—	—
Common stock	348,897	346,923
Accumulated other comprehensive loss	(67) (67
Accumulated deficit	(331,193) (329,056
Total shareholders' equity	17,637	17,800
Total liabilities and shareholders' equity	\$35,164	\$36,377
See accompanying notes to condensed consolidated financial statements.		

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PIXELWORKS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)

(Unaudited)

	Three Months Ended September		Nine Months Ended September	
	30,		30,	
	2012	2011	2012	2011
Revenue, net	\$16,285	\$17,391	\$46,139	\$47,781
Cost of revenue (1)	8,497	8,935	22,883	25,334
Gross profit	7,788	8,456	23,256	22,447
Operating expenses:				
Research and development (2)	4,702	5,982	14,510	17,531
Selling, general and administrative (3)	3,557	3,641	11,368	11,132
Total operating expenses	8,259	9,623	25,878	28,663
Loss from operations	(471)	(1,167)	(2,622)	(6,216)
Interest expense and other, net	(105)	(89)	(304)	(395)
Gain on sale of patents	—	—	—	1,600
Gain on sale of marketable securities	—	—	—	264
Total other income (expense), net	(105)	(89)	(304)	1,469
Loss before income taxes	(576)	(1,256)	(2,926)	(4,747)
Benefit for income taxes	(176)	(173)	(789)	(138)
Net loss	\$(400)	\$(1,083)	\$(2,137)	\$(4,609)
Net loss per share - basic and diluted	\$(0.02)	\$(0.06)		