

CEVA INC  
Form 10-Q  
August 09, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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: June 30, 2006

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 000-49842

CEVA, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware  
(State or Other Jurisdiction of Incorporation or  
Organization)

2033 Gateway Place, Suite 150, San Jose,  
California  
(Address of Principal Executive Offices)

77-0556376

(I.R.S. Employer Identification No.)

95110-1002  
(Zip Code)

(408) 514-2900

(Registrant's Telephone Number, Including Area Code)

Indicate by check mark whether the registrant: (1) has filed all reports 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date: 19,149,408 shares of common stock, \$0.001 par value, as of August 1, 2006.

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## FORWARD-LOOKING STATEMENTS

### FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This Quarterly Report contains forward-looking statements that involve risks and uncertainties, as well as assumptions that if they materialize or prove incorrect, could cause the results of CEVA to differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Forward-looking statements are generally written in the future tense and/or are preceded by words such as “will,” “may,” “should,” “could,” “expect,” “suggest,” “believe,” “an,” “intend,” “plan,” or other similar words. Forward-looking statements include the following:

- Our belief that given the complexity of applications for DSPs, there is increasingly an industry shift away from the traditional approach of licensing standalone DSPs, and towards licensing highly integrated application platforms incorporating all the necessary hardware and software for their target applications, and that we are well positioned to take full advantage of these trends;
- Our understanding is that CEVA is the only company to date that has managed to demonstrate H.264 DVD-quality video in software on silicon, and that this technology generated a good amount of interest from potential customers;
- Our hope that the adoption of a national 3G standard by the Chinese government in January 2006 will offer CEVA licensing opportunities in China; and
- Our anticipation that our current cash on hand, short term deposits and marketable securities, along with cash from operations, will provide sufficient capital to fund our operations for at least the next 12 months.
- Our belief that the divestment of the GSP technology and associated business will result in quarterly operating cost savings of approximately \$700,000.
- Our belief that a successful surrender of our long-term lease in Ireland will result in an associated cash outflow of approximately \$3.2 million in 2006

Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. The forward-looking statements contained in this report are based on information that is currently available to us and expectations and assumptions that we deem reasonable at the time the statements were made. We do not undertake any obligation to update any forward-looking statements in this report or in any of our other communications, except as required by law. All such forward-looking statements should be read as of the time the statements were made and with the recognition that these forward-looking statements may not be complete or accurate at a later date.

Many factors may cause actual results to differ materially from those expressed or implied by the forward-looking statements contained in this report. These factors include, but are not limited to, market acceptance of third-party semiconductor IP, our OEM relationships and competition, as well as those risks described in Part II - Item 1A - “Risk Factors” of this Form 10-Q.

**PART I. FINANCIAL INFORMATION****Item 1. FINANCIAL STATEMENTS****INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

U.S. dollars in thousands, except share and per share data

	<b>June 30, 2006 Unaudited</b>	<b>December 31, 2005 Audited</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 30,113	\$ 35,111
Short term bank deposits	9,836	8,335
Marketable securities	23,644	18,174
Trade receivables, net	6,086	6,159
Deferred tax assets	543	600
Prepaid expenses	769	1,040
Other current assets	1,267	1,042
Total current assets	72,258	70,461
Severance pay fund	2,205	1,912
Deferred tax assets	382	292
Property and equipment, net	2,111	3,226
Investment in other company, net (see Note 3)	4,233	-
Goodwill	36,498	38,398
Other intangible assets, net	284	1,460
Total assets	\$ 117,971	\$ 115,749
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Trade payables	\$ 630	\$ 548
Accrued expenses and other payables	8,929	7,778
Taxes payable	363	442
Deferred revenues	377	453
Total current liabilities	10,299	9,221
Long term liabilities:		
Accrued severance pay	2,337	2,100
Accrued liabilities	1,967	2,195
Total long-term liabilities	4,304	4,295
Stockholders' equity:		
Common Stock:		
\$0.001 par value: 100,000,000 shares authorized; 19,149,408 and 18,923,071 shares issued and outstanding at June 30, 2006 and December 31, 2005, respectively		
	19	19
Additional paid in-capital	140,971	138,818
Accumulated deficit	(37,622)	(36,604)
Total stockholders' equity	103,368	102,233
Total liabilities and stockholders' equity	\$ 117,971	\$ 115,749

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****U.S. dollars in thousands, except per share data**

	Six months ended June 30,		Three months ended June 30,	
	2006 Unaudited	2005 Unaudited	2006 Unaudited	2005 Unaudited
Revenues:				
Licensing and royalties	\$ 14,615	\$ 17,066	\$ 7,455	\$ 8,219
Other revenue	1,931	2,503	957	1,309
Total revenues				