

OPTI INC
Form 10-Q
February 14, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended December 31, 2012

.. **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 0-21422

OPTi Inc.

(Exact name of registrant as specified in its charter)

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CALIFORNIA
(State or other jurisdiction of incorporation or organization)

77-0220697
(I.R.S. Employer Identification No.)

One First Street, Suite 14 Los Altos, California
(Address of principal executive office)

94022
(Zip Code)

Registrant's telephone number, including area code (650) 213-8550

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 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 definitions of large accelerated filer, accelerated filer, non-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 smaller reporting company)

Smaller reporting company

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

The number of shares outstanding of the registrant's common stock as of January 31, 2013 was 11,645,903.

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Table of Contents**PART I: FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****OPTi INC.****CONDENSED CONSOLIDATED BALANCE SHEET****(Going Concern Basis)****(in thousands)**

	March 31, 2012 (audited)
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 21,922
Income tax receivable	1,392
Prepaid expenses and other current assets	24
Total current assets	23,338
Property and equipment, at cost	
Machinery and equipment	32
Furniture and fixtures	17
	49
Accumulated depreciation	(41)
	8
Other assets	
Deposits	5
Total other assets	5
Total assets	\$ 23,351
LIABILITIES AND STOCKHOLDERS EQUITY	
Current liabilities:	
Accounts payable	\$ 163
Accrued expenses	204
Accrued employee compensation	10
Total current liabilities	377
Other liabilities:	
Non-current taxes payable	3,816
Total liabilities	4,193
Stockholders' equity:	
Preferred stock, no par value	
Authorized shares 5,000	

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No shares issued or outstanding		
Common stock		
Authorized shares	50,000	
Issued and outstanding	11,646	13,544
Retained earnings		5,614
Total stockholders' equity		19,158
Total liabilities and stockholders' equity		\$ 23,351

The balance sheet as of March 31, 2012 has been derived from the audited financial statements.

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

Table of Contents**OPTi INC.****CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION****(Liquidation Basis)****(in thousands)****(Unaudited)**

	December 31, 2012
Assets:	
Cash and cash equivalents	\$ 7,426
Income tax receivable	1,486
Prepaid expenses and other current assets	35
Property and equipment	4
Deposits	5
Total assets	\$ 8,956
Liabilities:	
Accounts payable	\$ 94
Accrued expenses	592
Accrued employee compensation	
Non-current taxes payable	3,874
Other accrued liabilities	3,958
Total liabilities	8,518
Net assets in liquidation	\$ 438

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

Because of the unpredictability of any settlement amount and of a ruling in favor of the Company, the Company is currently unable to estimate the net realizable value of any proceeds for the ongoing litigation against VIA Technologies, Inc (VIA). Accordingly, the Company has not recorded any receivables for such litigation. If the Company is successful in its litigation efforts, it will record the amount of any settlement or final judgment at the time thereof, resulting in an increase to the net assets.

Table of Contents**OPTi Inc.****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION****(Liquidation Basis)****(in thousands)****(Unaudited)**

	For the Seven Month
	Period ended December 31, 2012
Stockholders' equity at May 31, 2012	\$ 18,928
Accrued liquidation cost	(5,680)
Net assets in liquidation as of June 1, 2012	13,248
Liquidating distribution	(12,810)
Net assets in liquidation as of June 30, 2012	438
Adjustments to accrued liquidation costs during the three months ended September 30, 2012	
Net assets in liquidation as of September 30, 2012	\$ 438
Adjustments to accrued liquidation costs during the three months ended December 31, 2012	
Net assets in liquidation as of December 31, 2012	\$ 438

Because of the unpredictability of any settlement amount and of a ruling in favor of the Company, the Company is currently unable to estimate the net realizable value of any proceeds for the ongoing litigation against VIA. Accordingly, the Company has not recorded any receivables for such litigation. If the Company is successful in its litigation efforts, it will record the amount of any settlement or final judgment at the time thereof, resulting in an increase to the net assets.

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

Table of Contents**OPTi Inc.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(Going Concern Basis)****(in thousands, except for per share data)****(unaudited)**

	Three	Two	Nine
	Months Ended	Months Ended	Months Ended
	December 31,	May 31,	December
	2011	2012	31,
			2011
Sales			
License and royalties	\$ 240	\$	\$ 240
Net sales	240		240
Costs and expenses			
Selling, general and administrative	495	265	2,161
Total costs and expenses	495	265	2,161
Operating loss	(255)	(265)	(1,921)
Interest and other income, net	3	2	10
Loss before provision for income taxes	(252)	(263)	(1,911)
Income tax provision / (benefit)	1,137	(34)	632
Net loss	\$ (1,389)	\$ (229)	\$ (2,543)
Basic net loss per share	\$ (0.12)	\$ (0.02)	\$ (0.22)
Shares used in computing basic per share amounts	11,646	11,646	11,646
Diluted net loss per share	\$ (0.12)	\$ (0.02)	\$ (0.22)
Shares used in computing diluted per share amounts	11,646	11,646	11,646

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

Table of Contents**OPTi INC.****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Going Concern Basis)****(in thousands)****(unaudited)**

	Two Months Ended May 31, 2012	Nine Months Ended December 31, 2011
Cash flows from operating activities:		
Net loss	\$ (229)	\$ (2,543)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	1	7
Deferred income taxes		1,339
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(40)	56
Income taxes receivable	(92)	(1,174)
Accounts payable	44	47
Accrued expenses	(75)	18
Accrued employee compensation	(7)	(675)
Income taxes payable	59	(339)
Net cash used in operating activities	(339)	(3,264)
Cash flows from investing activities:		
Purchase of equipment		(8)
Net cash used in investing activities		(8)
Net decrease in cash and cash equivalents	(339)	(3,272)
Cash and cash equivalents, beginning of period	21,922	25,779
Cash and cash equivalents, end of period	\$ 21,583	\$ 22,507

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

Table of Contents**OPTi Inc. (In Liquidation)****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****December 31, 2012**

(Unaudited)

Since May 31, 2012, the Company has been in liquidation pursuant to a Plan of Liquidation approved by its shareholders on that date.

1. Basis of Presentation

The interim consolidated information, as of December 31, 2012 and for the three month periods ended December 31, 2012 and 2011, is unaudited, but includes all adjustments (consisting of normal recurring adjustments) which the Company's management believes to be necessary for the fair presentation of the financial position, results of operations and cash flows for the periods presented. All intercompany transactions and balances have been eliminated. Interim results are not necessarily indicative of results for a full year.

The accompanying consolidated financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2012, which are included in the annual report on Form 10-K filed by the Company with the Securities and Exchange Commission (SEC).

Liquidating Basis of Accounting

Basis of Consolidation As a result of the shareholders' approval of the Plan of Liquidation, the Company adopted the liquidation basis of accounting effective May 31, 2012. This basis of accounting is considered appropriate when liquidation of a company is imminent. Under the liquidation basis of accounting, assets are valued at their net realizable value, which is the non-discounted amount of cash, or its equivalent, into which an asset is expected to be converted in the due course of business less direct costs. Liabilities are stated at their estimated settlement amount, which is the non-discounted amount of cash, or its equivalent, expected to be paid to liquidate an obligation in the due course of business, including direct costs.

Accrued Cost of Liquidation

The Company accrued the estimated costs expected to be incurred during the dissolution period, as of June 1, 2012. The dissolution period estimated provides time for the Company to complete the remaining litigation, make final distributions (if any), and file its certificate of dissolution. In determining its total estimated costs to liquidate, the Company estimated that it would incur costs through March 31, 2016 as follows (in thousands):

Salaries, wages and benefits	\$ 1,117
Lease expense	205
Legal, accounting, board and other professional fees	1,407
Litigation related expenses	2,100
Outside services and other expenses	538
Insurance	313
Total liquidation accrual	\$ 5,680

The estimates were based on prior history, known future events, contractual obligations and the estimated time to complete liquidation. The Company has recorded total accrued liabilities of \$4.0 million on the statement of net assets as of December 31, 2012. The actual costs associated with carrying out the Plan of Liquidation may depend on factors beyond the control of the Company and differ materially from the accrued amounts because of the Plan's inherent uncertainty. See Risk Factors below. Because of the unpredictability of any settlement amounts or a ruling in favor of the Company, the Company is currently unable to estimate the net

