

NETLIST INC
Form 10-Q
August 14, 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 June 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 001-33170

NETLIST, INC.

(Exact name of registrant as specified in its charter)

Delaware

State or other jurisdiction of incorporation or organization

95-4812784

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

51 Discovery, Suite 150

Irvine, CA 92618

(Address of principal executive offices) (Zip Code)

(949) 435-0025

(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 x No o

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 x No o

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 o

Accelerated filer o

Non-accelerated filer o

Smaller reporting company x

(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 o No x

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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

28,417,974 shares outstanding at July 30, 2012

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NETLIST, INC. AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2012

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****NETLIST, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(in thousands, except par value)**

	(unaudited) June 30, 2012	(audited) December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 11,299	\$ 10,535
Accounts receivable, net	8,094	11,399
Inventories	9,643	6,057
Prepaid expenses and other current assets	1,432	806
Total current assets	30,468	28,797
Property and equipment, net	3,306	2,771
Long-term investments in marketable securities	445	444
Other assets	130	161
Total assets	\$ 34,349	\$ 32,173
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 7,317	\$ 6,155
Accrued payroll and related liabilities	1,305	1,813
Accrued expenses and other current liabilities	1,285	460
Accrued engineering charges	490	450
Current portion of long-term debt	908	2,144
Total current liabilities	11,305	11,022
Long-term debt, net of current portion	2,825	1,118
Other liabilities	88	94
Total liabilities	14,218	12,234
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.001 par value - 90,000 shares authorized; 28,411 (2012) and 26,390 (2011) shares issued and outstanding	28	26
Additional paid-in capital	97,959	92,709
Accumulated deficit	(77,801)	(72,740)
Accumulated other comprehensive loss	(55)	(56)
Total stockholders' equity	20,131	19,939
Total liabilities and stockholders' equity	\$ 34,349	\$ 32,173

See accompanying notes.

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	Three Months Ended		Six Months Ended	
	June 30,	July 2,	June 30,	July 2,
	2012	2011	2012	2011
Net sales	\$ 10,552	\$ 16,001	\$ 24,519	\$ 28,001
Cost of sales(1)	7,814	11,064	16,345	19,260
Gross profit	2,738	4,937	8,174	8,741
Operating expenses:				
Research and development(1)	3,770	3,755	7,612	7,439
Selling, general and administrative(1)	2,871	2,583	5,480	5,500
Total operating expenses	6,641	6,338	13,092	12,939
Operating loss	(3,903)	(1,401)	(4,918)	(4,198)
Other income (expense):				
Interest expense, net	(79)	(50)	(150)	(75)
Other income (expense), net	3	(59)		