

SemiLEDs Corp
Form 10-Q
January 14, 2014
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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 November 30, 2013

or

**o 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: 001-34992

SemiLEDs Corporation

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(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

20-2735523

(I.R.S. Employer
Identification Number)

**3F, No. 11 Ke Jung Rd., Chu-Nan Site,
Hsinchu Science Park, Chu-Nan 350,
Miao-Li County, Taiwan, R.O.C.**
(Address of principal executive offices)

350
(Zip Code)

+886-37-586788

(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 definitions 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 Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date 27,760,780 shares of common stock, par value \$0.0000056 per share, outstanding as of January 6, 2014.

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SEMILEDs CORPORATION

FORM 10-Q for the Quarter Ended November 30, 2013

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****SEMILEDS CORPORATION****Unaudited Condensed Consolidated Balance Sheets****(In thousands of U.S. dollars and shares, except par value)**

	November 30, 2013	August 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 28,122	\$ 36,272
Accounts receivable, net of allowance for doubtful accounts of \$1,601 and \$1,616 as of November 30, 2013 and August 31, 2013, respectively	2,417	2,152
Accounts receivable from related parties, net of allowance for doubtful accounts of \$1,410 and \$1,395 as of November 30, 2013 and August 31, 2013, respectively	133	120
Inventories	11,342	10,500
Prepaid expenses and other current assets	1,149	1,080
Total current assets	43,163	50,124
Property, plant and equipment, net	29,487	30,473
Intangible assets, net	1,431	1,379
Goodwill, net	59	59
Investments in unconsolidated entities	2,220	2,275
Other assets	1,470	1,395
TOTAL ASSETS	\$ 77,830	\$ 85,705
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 2,243	\$ 2,294
Accounts payable	2,455	3,534
Accrued expenses and other current liabilities	5,802	6,825
Deferred income, current portion	51	51
Total current liabilities	10,551	12,704
Long-term debt, excluding current installments	5,755	6,169
Deferred income, net of current portion	327	339
Total liabilities	16,633	19,212
Commitments and contingencies (Note 5)		
EQUITY:		
SemiLEDs stockholders' equity		
Common stock, \$0.0000056 par value 32,143 shares authorized 27,761 shares issued and outstanding		
Additional paid-in capital	169,505	169,114
Accumulated other comprehensive income	6,075	5,557
Accumulated deficit	(114,447)	(108,155)
Total SemiLEDs stockholders' equity	61,133	66,516
Noncontrolling interests	64	(23)

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Total equity		61,197		66,493
TOTAL LIABILITIES AND EQUITY	\$	77,830	\$	85,705

See notes to unaudited condensed consolidated financial statements.

Table of Contents**SEMILEDS CORPORATION****Unaudited Condensed Consolidated Statements of Operations****(In thousands of U.S. dollars and shares, except per share data)**

	Three Months Ended November 30,	
	2013	2012
Revenues, net	\$ 3,417	\$ 6,227
Cost of revenues	5,754	9,515
Gross loss	(2,337)	(3,288)
Operating expenses:		
Research and development	1,126	1,223
Selling, general and administrative	2,644	3,663
Total operating expenses	3,770	4,886
Loss from operations	(6,107)	(8,174)
Other income (expenses):		
Equity in losses from unconsolidated entities, net	(63)	(75)
Interest income (expenses), net	(37)	5
Other income, net	54	52
Foreign currency transaction loss, net	(197)	(926)
Total other expenses, net	(243)	(944)
Loss before income taxes	(6,350)	(9,118)
Income tax expense		
Net loss	(6,350)	(9,118)
Less: Net loss attributable to noncontrolling interests	(58)	(195)
Net loss attributable to SemiLEDs stockholders	\$ (6,292)	\$ (8,923)
Net loss per share attributable to SemiLEDs stockholders:		
Basic and diluted	\$ (0.23)	\$ (0.32)
Shares used in computing net loss per share attributable to SemiLEDs stockholders:		
Basic and diluted	27,784	27,495

See notes to unaudited condensed consolidated financial statements.

Table of Contents**SEMILEDs CORPORATION****Unaudited Condensed Consolidated Statements of Comprehensive Loss****(In thousands of U.S. dollars)**

	Three Months Ended November 30,	
	2013	2012
Net loss	\$ (6,350)	\$ (9,118)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments, net of tax of \$0 for both periods	521	2,715
Comprehensive loss	\$ (5,829)	\$ (6,403)
Comprehensive loss attributable to noncontrolling interests	\$ (55)	\$ (166)
Comprehensive loss attributable to SemiLEDs stockholders	\$ (5,774)	\$ (6,237)

See notes to unaudited condensed consolidated financial statements.

Table of Contents**SEMILEDs CORPORATION****Unaudited Condensed Consolidated Statement of Changes in Equity****(In thousands of U.S. dollars and shares)**

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total SemiLEDs Stockholders Equity	Non-Controlling Interests	Total Equity
BALANCE September 1, 2013	27,761	\$	\$ 169,114	\$ 5,557	\$ (108,155)	\$ 66,516	\$ (23)	\$ 66,493
Stock-based compensation			533			533		533
Purchase of common shares in Ning Xiang			(142)			(142)	142	
Comprehensive income (loss):								
Foreign currency translation adjustment				518		518	3	521
Net loss					(6,292)	(6,292)	(58)	(6,350)
BALANCE November 30, 2013	27,761	\$	\$ 169,505	\$ 6,075	\$ (114,447)	\$ 61,133	\$ 64	\$ 61,197

See notes to unaudited condensed consolidated financial statements.

Table of Contents**SEMILEDs CORPORATION****Unaudited Condensed Consolidated Statements of Cash Flows****(In thousands of U.S. dollars)**

	Three Months Ended November 30,	
	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (6,350)	\$ (9,118)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,566	2,097
Stock-based compensation expense	533	336
Bad debt expense	31	686
Provisions for inventory write-downs	187	712
Equity in losses from unconsolidated entities, net	63	75
Income recognized on patents assignment	(13)	(13)
Changes in operating assets and liabilities, net of acquisition:		
Accounts receivable, net	(285)	262
Inventories	(915)	957
Prepaid expenses and other	37	101
Accounts payable	(807)	147
Accrued expenses and other current liabilities	525	508