

IMMERSION CORP
Form 10-Q
May 08, 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 March 31, 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 000-27969

**IMMERSION
CORPORATION**

(Exact name of registrant as specified in its charter)

Delaware **94-3180138**
(State or other jurisdiction of (I.R.S. Employer Identification No.)
incorporation or organization)

30 Rio Robles, San Jose, California 95134

(Address of principal executive offices)(Zip Code)

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(408) 467-1900

(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, 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 (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 at April 26, 2012: 28,114,188.

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PART I

FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IMMERSION CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share amounts)

(Unaudited)

	March 31, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,587	\$ 7,298
Short-term investments	48,968	48,987
Accounts and other receivables (net of allowances for doubtful accounts as of: March 31, 2012 and December 31, 2011 \$21)	2,962	1,487
Inventories	531	423
Deferred income taxes	215	215
Prepaid expenses and other current assets	423	479
Total current assets	61,686	58,889
Property and equipment, net	1,624	1,737
Intangibles and other assets, net	14,503	14,053
Total assets	\$ 77,813	\$ 74,679
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 1,879	\$ 365
Accrued compensation	1,764	2,830
Other current liabilities	1,915	2,054
Deferred revenue and customer advances	5,996	4,120
Total current liabilities	11,554	9,369
Long-term deferred revenue	12,450	13,229
Deferred income tax liabilities	215	215
Other long-term liabilities	588	245
Total liabilities	24,807	23,058
Contingencies (Note 13)		
Stockholders' equity:		
Common stock and additional paid-in capital \$0.001 par value; 100,000,000 shares authorized; shares issued: March 31, 2012 32,110,360 and December 31, 2011 31,786,030; shares outstanding: March 31, 2012 28,182,154 and December 31, 2011 27,857,824	184,131	182,508
Accumulated other comprehensive income	99	118
Accumulated deficit	(106,376)	(106,157)

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Treasury stock at cost: March 31, 2012 and December 31, 2011	3,928,206 shares	(24,848)	(24,848)
Total stockholders' equity		53,006	51,621
Total liabilities and stockholders' equity		\$ 77,813	\$ 74,679

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**IMMERSION CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)****(In thousands, except per share amounts)****(Unaudited)**

	Three Months Ended March 31	
	2012	2011
Revenues:		
Royalty and license	\$ 9,085	\$ 8,353
Product sales	272	1,001
Development contracts and other	334	414
Total revenues	9,691	9,768
Costs and expenses:		
Cost of revenues (exclusive of amortization, impairment, and abandonment of intangibles shown separately below)	315	474
Sales and marketing	1,746	1,850
Research and development	2,194	2,099
General and administrative	4,771	3,111
Amortization, impairment, and abandonment of intangibles	341	357
Total costs and expenses	9,367	7,891
Operating income	324	1,877
Interest and other income	10	62
Income from continuing operations before provision for income taxes	334	1,939
Provision for income taxes	(553)	(594)
Income (loss) from continuing operations	(219)	1,345
Discontinued operations (Note 10) :		
Gain on sales of discontinued operations net of provision for income taxes of \$0 and \$27	0	43
Net income (loss)	\$ (219)	\$ 1,388
Basic net income (loss) per share		
Continuing operations	(0.01)	0.05
Discontinued operations	0.00	0.00
Total	\$ (0.01)	\$ 0.05
Shares used in calculating basic net income (loss) per share	27,941	28,249
Diluted net income (loss) per share		
Continuing operations	(0.01)	0.05
Discontinued operations	0.00	0.00

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Total	\$ (0.01)	\$ 0.05
Shares used in calculating diluted net income (loss) per share	27,941	28,960
Other Comprehensive Income (loss)		
Change in unrealized gains (losses) on short-term investments	(19)	4
Total Other Comprehensive Income (loss)	(19)	4
Total Comprehensive Income (loss)	\$ (238)	\$ 1,392

See accompanying Notes to Condensed Consolidated Financial Statements.

Table of Contents**IMMERSION CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(In thousands) (unaudited)**

	Three Months Ended March 31,	
	2012	2011
Net income (loss)	\$ (219)	\$ 1,388
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	166	246
Amortization, impairment, and abandonment of intangibles	341	357
Stock-based compensation	720	784
Allowance (recovery) for doubtful accounts	0	(18)
Gain on sales of discontinued operations	0	(43)
Changes in operating assets and liabilities:		
Accounts and other receivables	(1,475)	(247)
Inventories	(108)	(96)
Prepaid expenses and other current assets	56	3,236
Other assets	(20)	(26)
Accounts payable	1,303	268
Accrued compensation and other current liabilities	(415)	(1,413)
Deferred revenue and customer advances	1,097	258
Other long-term liabilities	343	(16)
Net cash provided by operating activities	1,789	4,678
Cash flows used in investing activities:		
Purchases of available-for-sale investments	(14,979)	(14,959)
Proceeds from maturities of available-for-sale investments	15,000	15,000
Additions to intangibles	(596)	(848)
Purchases of property and equipment	(828)	(27)
Proceeds from sales of discontinued operations	0	70
Net cash used in investing activities	(1,403)	(764)
Cash flows provided by financing activities:		
Issuance of common stock under employee stock purchase plan	51	0
Exercise of stock options	852	65
Net cash provided by financing activities	903	65
Net increase in cash and cash equivalents	1,289	3,979
Cash and cash equivalents:		
Beginning of the period	7,298	12,243
End of the period	\$ 8,587	\$ 16,222
Supplemental disclosure of cash flow information:		
Cash paid (received) for taxes	\$ 6	\$ (3,347)

Supplemental disclosure of non-cash operating, investing, and financing activities:

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Amounts accrued for property and equipment, and intangibles	\$ 644	\$ 347
Release of Restricted Stock Units and Awards under company stock plan	\$ 780	\$ 277