

GENESIS MICROCHIP INC /DE

Form 10-Q

November 15, 2002

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**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 SEPTEMBER 30, 2002

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:

000-33477

GENESIS MICROCHIP INC.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of incorporation or organization)

77-0584301

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

2150 GOLD STREET

P.O. BOX 2150

ALVISO, CALIFORNIA

(Address of principal executive offices)

95002

(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (408) 262-6599

Former name, former address and former fiscal year if changed since last report.

Former address: N/A

Former Fiscal Year: N/A

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

There were 31,259,621 shares of the registrant's common shares issued and outstanding as of September 30, 2002.

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FORM 10-Q
THREE MONTHS ENDED SEPTEMBER 30, 2002**

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* No information has been provided because this item is not applicable.

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GENESIS MICROCHIP INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(amounts in thousands)

	September 30, 2002 (unaudited)	March 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 104,805	\$ 106,564
Short-term investments	300	4,802
Accounts receivable trade, net of allowance for doubtful accounts of \$429 at September 30 and \$391 at March 31	20,132	32,326
Inventories	21,683	20,046
Other	6,089	6,185
	153,009	169,923
Property and equipment	13,110	11,733
Acquired intangibles	41,979	47,248
Goodwill	193,546	198,909
Other	300	578
	401,944	428,391
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable	\$ 5,789	\$ 14,318
Accrued liabilities	8,218	14,272
Income taxes payable	1,896	571
Current portion of lease liability	1,018	1,040
Current portion of loan payable	90	89
	17,011	30,290
Long-term liabilities:		
Deferred income taxes	2,363	5,183
Lease liability	8,635	9,019
Loan payable	237	328
	28,246	44,820
Stockholders equity:		
Capital Stock:		
Preferred stock:		
Authorized 5,000 preferred shares, \$0.001 par value		
Issued and outstanding - none at September 30 or March 31		
Common shares:		
Authorized 100,000 common shares, \$0.001 par value		
Issued and outstanding 31,260 at September 30 and 31,133 at March 31	31	31
Additional paid-in capital	380,285	388,467
Cumulative other comprehensive loss	(94)	(94)

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Deferred stock-based compensation	(10,650)	(17,587)
Retained earnings	4,126	12,754
	<u> </u>	<u> </u>
Total stockholders' equity	373,698	383,571
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 401,944	\$ 428,391
	<u> </u>	<u> </u>

See accompanying notes to condensed consolidated financial statements.

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GENESIS MICROCHIP INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share amounts)
(unaudited)

	Three Months Ended		Six months ended	
	September 30, 2002	September 30, 2001	September 30, 2002	September 30, 2001
Revenues	\$ 46,304	\$ 36,137	\$ 87,863	\$ 57,443
Cost of revenues	30,169	19,465	55,660	30,910
Gross profit	16,135	16,672	32,203	26,533
Operating expenses:				
Research and development	9,992	5,161	19,421	9,385
Selling, general and administrative	9,113	4,538	17,810	8,754
Amortization of acquired intangibles	2,654		5,319	
Total operating expenses	21,759	9,699	42,550	18,139
Income (loss) from operations	(5,624)	6,973	(10,347)	8,394
Interest income	444	399	832	753
Imputed interest on lease liability	(165)		(330)	
Net interest income	279	399	502	753
Income (loss) before income taxes	(5,345)	7,372	(9,845)	9,147
Provision for (recovery of) income taxes	(754)	740	(1,217)	918
Net income (loss)	\$ (4,591)	\$ 6,632	\$ (8,628)	\$ 8,229
Earnings (loss) per share:				
Basic	\$ (0.15)	\$ 0.32	\$ (0.28)	\$ 0.41
Diluted	\$ (0.15)	\$ 0.29	\$ (0.28)	\$ 0.37
Weighted average number of common shares outstanding (in thousands):				
Basic	31,238	20,697	31,365	20,211
Diluted	31,238	22,617	31,365	22,024

See accompanying notes to condensed consolidated financial statements.

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GENESIS MICROCHIP INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(amounts in thousands)
(unaudited)

	Six Months Ended	
	September 30, 2002	September 30, 2001
Cash flows from operating activities:		
Net income (loss)	\$ (8,628)	\$ 8,229
Adjustments to reconcile net income (loss) to cash used in operating activities:		
Depreciation and amortization	2,750	1,418
Amortization of acquired intangible assets	5,319	
Non-cash stock-based compensation	3,942	60
Deferred income taxes	(2,820)	356
Other	359	2
Change in operating assets and liabilities:		
Accounts receivable trade	12,194	(2,834)
Inventories	(1,637)	2,867
Other current assets	96	(409)
Accounts payable	(8,529)	(3,019)
Accrued liabilities	(6,054)	223
Income taxes recoverable		