

LOGICVISION INC
Form 10-Q
August 12, 2003
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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, 2003

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 No.: 0-31773

LOGICVISION, INC.

(Exact name of registrant as specified in its charter)

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Delaware
(State or other jurisdiction of
incorporation or organization)

94-3166964
(I.R.S. Employer

Identification Number)

101 Metro Drive, Third Floor

San Jose, California 95110

(Address of principal executive offices)

Telephone: (408) 453-0146

(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 at least the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes No

At July 31, 2003, 15,677,218 shares of Registrant's Common Stock, \$0.0001 par value were outstanding.

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QUARTERLY PERIOD ENDED JUNE 30, 2003

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Table of Contents**PART I: FINANCIAL INFORMATION****ITEM 1: FINANCIAL STATEMENTS****LOGICVISION, INC.****UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands, except share and per share data)

	June 30,	December 31,
	2003	2002
	<u> </u>	<u> </u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 11,168	\$ 16,179
Short-term investments	11,993	6,992
Accounts receivable, net	934	1,170
Prepaid expenses and other current assets	931	1,174
	<u> </u>	<u> </u>
Total current assets	25,026	25,515
Property and equipment, net	1,338	1,486
Marketable securities	10,900	18,390
Other long-term assets, net	533	1,134
	<u> </u>	<u> </u>
Total assets	<u>\$ 37,797</u>	<u>\$ 46,525</u>
LIABILITIES AND STOCKHOLDERS EQUITY		
Current Liabilities:		
Short-term debt	\$ 1,000	\$ 2,500
Accounts payable	731	1,468
Accrued liabilities	1,245	1,339
Deferred revenues	2,689	3,153
	<u> </u>	<u> </u>
Total current liabilities	5,665	8,460
Deferred revenues	648	270
	<u> </u>	<u> </u>
Total liabilities	6,313	8,730
Commitments and contingencies (See Note 5)		
Stockholders' Equity:		
Preferred stock, \$0.0001 par value:		
Authorized: 5,000,000 shares;		
Issued and outstanding: no shares issued and outstanding		
Common stock, \$0.0001 par value:		
Authorized: 125,000,000 shares;		
Issued and outstanding: 15,403,678 shares at June 30, 2003		
and 15,245,503 shares at December 31, 2002	2	2
Additional paid-in capital	97,554	97,341

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Deferred stock-based compensation	(608)	(1,042)
Accumulated other comprehensive income	123	92
Accumulated deficit	(65,587)	(58,598)
	<u> </u>	<u> </u>
Total stockholders' equity	31,484	37,795
	<u> </u>	<u> </u>
Total liabilities and stockholders' equity	\$ 37,797	\$ 46,525
	<u> </u>	<u> </u>

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

Table of Contents**LOGICVISION, INC.****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**

(in thousands, except per share data)

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2003	2002	2003	2002
Revenues:				
License	\$ 444	\$ 2,519	\$ 1,644	\$ 6,595
Service	956	1,173	2,165	2,947
Total revenues	1,400	3,692	3,809	9,542
Cost of revenues:				
License	75	230	107	536
Service	689	727	1,473	1,557
Total cost of revenues	764	957	1,580	2,093
Gross profit	636	2,735	2,229	7,449
Operating expenses:				
Research and development	1,188	1,273	2,330	2,565
Sales and marketing	2,320	2,185	4,732	4,474
General and administrative	1,024	1,018	2,008	1,977
Amortization of deferred stock-based compensation (1)	231	426	437	852
Total operating expenses	4,763	4,902	9,507	9,868
Loss from operations	(4,127)	(2,167)	(7,278)	(2,419)
Interest and other income, net	175	296	371	584
Loss before provision for income taxes	(3,952)	(1,871)	(6,907)	(1,835)
Provision for income taxes	71	18	82	35
Net loss	\$ (4,023)	\$ (1,889)	\$ (6,989)	\$ (1,870)
Net loss per common share, basic and diluted	\$ (0.26)	\$ (0.13)	\$ (0.46)	\$ (0.13)
Weighted average number of shares outstanding, basic and diluted	15,391	14,950	15,342	14,893

(1) Amortization of deferred stock-based compensation:

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	Three Months Ended June 30,		Six Months Ended June 30,	
	2003	2002	2003	2002
Total cost of revenues	\$ 8	\$ 8	\$ 16	\$ 16
Research and development	50	106	107	212
Sales and marketing	125	223	236	446
General and administrative	48	89	78	178
	\$ 231	\$ 426	\$ 437	\$ 852

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

Table of Contents**LOGICVISION, INC.****UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS****(in thousands)**

	Six Months Ended	
	June 30,	
	2003	2002
Cash flows from operating activities:		
Net loss	\$ (6,989)	\$ (1,870)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,109	631
Amortization of deferred stock-based compensation	437	852
Changes in operating assets and liabilities:		
Accounts receivable, net	236	1,326
Prepaid expenses and other current assets	243	(465)
Other long-term assets	(30)	11
Accounts payable	(737)	