OPTI INC
Form 10-Q/A
August 28, 2012

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
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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 June 30, 2012

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 0-21422
OPTi Inc.
(Exact name of registrant as specified in its charter)

CALIFORNIA (State or other jurisdiction of incorporation or organization)	77-0220697 (I.R.S. Employer Identification No.)
One First Street, Suite 14 Los Altos, California (Address of principal executive office)	94022 (Zip Code)

Registrant's telephone number, including area code (650) 213-8550

Indicate by check mark whether the registrant (1) has filed all reports 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 xNo 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 (§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 o 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 definitions of "large accelerated filer", "accelerated filer", "non-accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large-accelerated filer	o		Accelerated filer	o
Non-accelerated filer	o	(Do not check if smaller reporting company)	Smaller reporting company	x

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act).
Yes o No x

The number of shares outstanding of the registrant's common stock as of July 31, 2012 was 11,645,903.
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OPTi Inc.
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PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

OPTi INC.
CONDENSED CONSOLIDATED BALANCE SHEET
(Going Concern Basis)
(in thousands)

	March 31, 2012 (audited)
ASSETS	
Current assets:	
Cash and cash equivalents	$ 21,922
Income tax receivable	1,392
Prepaid expenses and other current assets	24
Total current assets	23,338
Property and equipment, at cost	
Machinery and equipment	32
Furniture and fixtures	17
	49
Accumulated depreciation	(41)
	8
Other assets	
Deposits	5
Total other assets	5
Total assets	$ 23,351
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable	$ 163
Accrued expenses	204
Accrued employee compensation	10
Total current liabilities	377
Other liabilities:	
Non-current taxes payable	3,816
Total liabilities	4,193
Stockholders' equity:	
Preferred stock, no par value	
Authorized shares – 5,000	
No shares issued or outstanding	—
Common stock	
Authorized shares – 50,000	
Issued and outstanding – 11,646	13,544
Retained earnings	5,614
Total stockholders' equity	19,158

Total liabilities and stockholders’ equity	$ 23,351

* The balance sheet as of March 31, 2012 has been derived from the audited financial statements.
The accompanying notes are an integral part of these condensed consolidated financial statements.

OPTi INC.
CONDENSED CONSOLIDATED STATEMENT OF NET ASSETS IN LIQUIDATION
(Liquidation Basis)
(in thousands)
(Unaudited)

	June 30, 2012
Assets:	
Cash and cash equivalents	$ 8,474
Income tax receivable	1,576
Prepaid expenses and other current assets	58
Property and equipment	7
Deposits	5
Total assets	$ 10,120
Liabilities:	
Accounts payable	$ 140
Accrued expenses	194
Accrued employee compensation	3
Non-current taxes payable	3,903
Other accrued liabilities	5,442
Total liabilities	9,682
Net assets in liquidation	$ 438

Because of the unpredictability of any settlement amounts and of a ruling in favor of the Company, the Company is currently unable to estimate the net realizable value of any proceeds for the ongoing litigation against VIA and SIS. Accordingly, the Company has not recorded any receivables for such litigation. If the Company is successful in its litigation efforts, it will record the amount of any settlement or final judgment at the time thereof, resulting in an increase to the net assets.

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

OPTi Inc.
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS IN LIQUIDATION
(Liquidation Basis)
(In thousands)
(Unaudited)

	For the One Month Period ended June 30, 2012
Stockholder's equity at May 31, 2012	$ 18,928
Accrued liquidation cost	(5,680)
Net assets in liquidation as of June 1, 2012	$ 13,248
Liquidating distribution	(12,810)
Adjustments to accrued liquidation costs during the month ended June 30, 2012	
Net assets in liquidation as of June 30, 2012	$ 438

Because of the unpredictability of any settlement amounts and of a ruling in favor of the Company, the Company is currently unable to estimate the net realizable value of any proceeds for the ongoing litigation against VIA and SIS. Accordingly, the Company has not recorded any receivables for such litigation. If the Company is successful in its litigation efforts, it will record the amount of any settlement or final judgment at the time thereof, resulting in an increase to the net assets.

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

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OPTi Inc.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Going Concern Basis)
(in thousands, except for per share data)
(unaudited)

	Two Months Ended May 31, 2012	Three Months Ended June 30, 2011
Sales		
License and royalties	$ —	$ —
Net sales	—	—
Costs and expenses		
Selling, general and administrative	265	873
Total costs and expenses	265	873
Operating loss	(265)	(873)
Interest and other income, net	2	4
Loss before provision for income taxes	(263)	(869)
Income tax benefit	(34)	(294)
Net loss	$ (229)	$ (575)
Basic and diluted net loss per share	$ (0.02)	$ (0.05)
Shares used in computing basic and diluted per share amounts	11,646	11,646

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

OPTi INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Going Concern Basis)
(in thousands)
(unaudited)

	Two Months Ended May 31, 2012	Three Months Ended June 30, 2011
Cash flows from operating activities:		
Net loss	$ (229)	$ (575)
Adjustments to reconcile net income (loss) to net used in operating activities:		
Depreciation	1	1
Deferred income taxes	—	349
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(40)	33
Income taxes receivable	(92)	(1,370)
Accounts payable	44	88
Accrued expenses	(75)	250
Accrued employee compensation	(7)	(683)
Income taxes payable	59	—
Net cash used in operating activities	(339)	(1,907)
Net increase (decrease) in cash and cash equivalents	(339)	(1,907)
Cash and cash equivalents, beginning of period	21,922	25,779
Cash and cash equivalents, end of period	$ 21,583	$ 23,872

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

OPTi Inc. (In Liquidation)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2012
(Unaudited)

Since May 31, 2012, the Company has been in liquidation pursuant to a Plan of Liquidation approved by its shareholders on that date.

1. Basis of Presentation

The information, as of June 30, 2012 and for the three month periods ended June 30, 2012 and 2011, are unaudited, but includes all adjustments (consisting of normal recurring adjustments) which the Company's management believes to be necessary for the fair presentation of the financial position, results of operations and cash flows for the periods presented. Interim results are not necessarily indicative of results for a full year.

The accompanying financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2012, which are included in the annual report on Form 10-K filed by the Company with the Securities and Exchange Commission.

Liquidating Basis of Accounting

Basis of Consolidation – As a result of the shareholders' approval of the Plan of Liquidation, the Company adopted the liquidation basis of accounting effective May 31, 2012. This basis of accounting is considered appropriate when liquidation of a company is imminent. Under the liquidation basis of accounting, assets are valued at their net realizable value, which is the non-discounted amount of cash, or its equivalent, into which an asset is expected to be converted in the due course of business less direct costs. Liabilities are stated at their estimated settlement amount, which is the non-discounted amount of cash, or its equivalent, expected to be paid to liquidate an obligation in the due course of business, including direct costs.
Accrued Cost of Liquidation

The Company accrued the estimated costs expected to be incurred during the dissolution period, as of June 1, 2012. The dissolution period estimate provides time for the Company to complete the remaining litigation, make final distributions (if any), and file its certificate of dissolution. In determining its total estimated costs to liquidate, the Company estimated that it will incur costs through March 31, 2016 as follows (in thousands):

Salaries, wages and benefits	$ 1,117
Lease expense	205
Legal, accounting, board and other professional fees	1,407
Litigation related expenses	2,100
Outside services and other expenses	538
Insurance	313
Total liquidation accrual	$ 5,680

The estimates were based on prior history, known future events, contractual obligations and the estimated time to complete liquidation. The Company has recorded total accrued liabilities of $5.4 million on the statement of net assets as of June 30, 2012. The actual costs associated with carrying out the Plan of Liquidation may depend on factors beyond the control of the Company and differ materially from the accrued amounts because of the Plan's inherent uncertainty. See "Risk Factors" below.

Because of the unpredictability of any settlement amounts or a ruling in favor of the Company, the Company is currently unable to estimate the net realizable value of any proceeds for the ongoing litigation against VIA and SIS. Accordingly, the Company has not recorded any receivables for such litigation. If the Company is successful in its litigation efforts, it will record the amount of any settlement or final judgment at the time thereof, resulting in an increase to the net assets.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates under different assumptions or conditions. These differences may be material. See "Risk Factors" below.

Summary of Significant Accounting Policies, Income Taxes

Income taxes are calculated under Accounting Standard Codification Topic 740 “Accounting for Income Taxes”. Under ASC 740, the liability method is used in accounting for income taxes, which includes the effects of deferred tax assets or liabilities. Deferred tax assets or liabilities are recognized for the expected tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities using the enacted tax rates that will be in effect when these differences reverse. The Company provides a valuation allowance to reduce deferred tax assets to the amount that is expected, based on whether such assets are more likely than not to be utilized.

2. Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the average number of common shares outstanding during the period.

Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares that would be outstanding if all convertible securities were converted into common stock.

The Company had no stock options outstanding as of May 31, 2012. The Company has excluded options for the purchase of 4,000 shares of common stock from the calculation of diluted net (loss) per share for the three month period ended June 30, 2011, because such securities were anti-dilutive.

3. Taxes

As part of the process of preparing the unaudited condensed consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves estimating the current tax liability under the most recent tax laws and assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the unaudited condensed consolidated balance sheet.