

SemiLEDs Corp
Form 10-Q
April 13, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended February 28, 2018

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: 001-34992

SemiLEDs Corporation

(Exact name of registrant as specified in its charter)

Delaware 20-2735523
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification Number)

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

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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, smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” 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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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: 3,545,290 shares of common stock, par value \$0.0000056 per share, outstanding as of April 6, 2018.

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SEMILEDs CORPORATION

FORM 10-Q for the Quarter Ended February 28, 2018

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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

SEMILEDs CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In thousands of U.S. dollars and shares, except par value)

	February 28, 2018 (Unaudited)	August 31, 2017 (Audited)
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 3,857	\$3,582
Accounts receivable (including related parties), net of allowance for doubtful accounts of \$485 and \$815 as of February 28, 2018 and August 31, 2017, respectively	335	1,111
Inventories	2,411	2,946
Prepaid expenses and other current assets	357	405
Total current assets	6,960	8,044
Property, plant and equipment, net	7,951	8,275
Intangible assets, net	109	104
Investments in unconsolidated entities	1,023	992
Other assets	247	255
TOTAL ASSETS	\$ 16,290	\$17,670
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Current installments of long-term debt	\$ 349	\$335
Accounts payable	882	1,145
Advance receipt toward the convertible note	500	500
Accrued expenses and other current liabilities	5,787	5,482
Total current liabilities	7,518	7,462
Long-term debt, excluding current installments	2,296	2,391
Total liabilities	9,814	9,853
Commitments and contingencies (Note 5)		
EQUITY:		
SemiLEDs stockholders' equity		
Common stock, \$0.0000056 par value—75,000 shares authorized; 3,545 shares and 3,544 shares issued and outstanding as of February 28, 2018 and August 31, 2017, respectively	—	—
Additional paid-in capital	175,434	175,386
Accumulated other comprehensive income	3,836	3,701
Accumulated deficit	(172,794)	(171,270)
Total equity	6,476	7,817

TOTAL LIABILITIES AND EQUITY	\$ 16,290	\$17,670
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See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Operations

(In thousands of U.S. dollars and shares, except per share data)

	Three Months		Six Months Ended	
	Ended February 28, 2018	February 28, 2017	28, 2018	February 28, 2017
Revenues, net	\$1,543	\$1,830	\$3,546	\$4,532
Cost of revenues	1,987	1,823	3,938	4,409
Gross profit (loss)	(444)	7	(392)	123
Operating expenses:				
Research and development	223	195	407	394
Selling, general and administrative	781	941	1,514	2,041
Gain on disposals of long-lived assets, net	(209)	—	(209)	(80)
Total operating expenses	795	1,136	1,712	2,355
Loss from operations	(1,239)	(1,129)	(2,104)	(2,232)
Other income (expenses):				
Equity in loss from unconsolidated entities	—	(2)	—	(11)
Interest expenses, net	(7)	(8)	(15)	(17)
Other income, net	49	20	547	496
Foreign currency transaction gain (loss), net	65	(30)	48	(81)
Total other income (expenses), net	107	(20)	580	387
Loss before income taxes	(1,132)	(1,149)	(1,524)	(1,845)
Income tax expense	—	—	—	—
Net loss	(1,132)	(1,149)	(1,524)	(1,845)
Less: Net loss attributable to noncontrolling interests	—	(7)	—	(13)
Net loss attributable to SemiLEDs stockholders	\$(1,132)	\$(1,142)	\$(1,524)	\$(1,832)
Net loss per share attributable to SemiLEDs stockholders:				
Basic and diluted	\$(0.32)	\$(0.32)	\$(0.43)	\$(0.52)
Shares used in computing net loss per share attributable to SemiLEDs stockholders:				
Basic and diluted	3,545	3,532	3,545	3,532

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Comprehensive Loss

(In thousands of U.S. dollars)

	Three Months Ended		Six Months Ended February	
	February 28, 2018	February 28, 2017	February 28, 2018	February 28, 2017
Net loss	\$ (1,132)	\$ (1,149)	\$(1,524)	\$(1,845)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustments, net of tax of \$0 for all periods presented	109	245	135	233
Comprehensive loss	\$ (1,023)	\$ (904)	\$(1,389)	\$(1,612)
Comprehensive loss attributable to noncontrolling interests	\$ —	\$ (11)	\$—	\$(16)
Comprehensive loss attributable to SemiLEDs stockholders	\$ (1,023)	\$ (893)	\$(1,389)	\$(1,596)

See notes to unaudited condensed consolidated financial statements.

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SEMILEDS CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statement of Changes in Equity

(In thousands of U.S. dollars and shares)

	Common Shares	Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	Total Equity
BALANCE—September 1, 2017	3,544	\$ —	\$ 175,386	\$ 3,701	\$ (171,270)	\$ 7,817
Issuance of common stock under equity incentive plans	1	—	—	—	—	—
Stock-based compensation		—	48	—	—	48
Comprehensive loss:						
Other comprehensive income (loss)	—	—	—	135	—	135
Net loss	—	—	—	—	(1,524)	(1,524)
BALANCE—February 28, 2018	3,545	\$ —	\$ 175,434	\$ 3,836	\$ (172,794)	\$ 6,476

See notes to unaudited condensed consolidated financial statements.

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SEMILEDs CORPORATION AND SUBSIDIARIES

Unaudited Condensed Consolidated Statements of Cash Flows

(In thousands of U.S. dollars)

	Six Months Ended	
	February	
	28,	February
	2018	28, 2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss		\$(1,524)