

SILICON STORAGE TECHNOLOGY INC  
Form 10-Q  
August 17, 2009  
Table of Contents

**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, 2009

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 0-26944

**SILICON STORAGE TECHNOLOGY, INC.**

(Exact name of Registrant as Specified in its Charter)

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<b>California</b> (State or Other Jurisdiction of  Incorporation or Organization)	<b>77-0225590</b> (I.R.S. Employer  Identification Number)
<b>1020 Kifer Road, Sunnyvale, CA</b> (Address of Principal Executive Offices)	<b>94086</b> (Zip Code)
<b>(408) 735-9110</b>  (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, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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 outstanding of Common Stock, no par value, as of July 31, 2009: 95,850,407

**Table of Contents**

**SILICON STORAGE TECHNOLOGY, INC.**  
**FORM 10-Q: QUARTER ENDED JUNE 30, 2009**

**TABLE OF CONTENTS**

<b><u>Part I FINANCIAL INFORMATION</u></b>	3
Item 1. <u>Condensed Consolidated Financial Statements (unaudited):</u>	3
<u>Condensed Consolidated Statements of Operations</u>	3
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Cash Flows</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	17
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	28
Item 4. <u>Controls and Procedures</u>	29
<b><u>Part II OTHER INFORMATION</u></b>	30
Item 1. <u>Legal Proceedings</u>	30
Item 1A. <u>Risk Factors</u>	31
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	42
Item 3. <u>Defaults Upon Senior Securities</u>	42
Item 4. <u>Submission of Matters to a Vote of Security Holders</u>	43
Item 5. <u>Other Information</u>	43
Item 6. <u>Exhibits</u>	44
<u>Signatures</u>	45

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements****SILICON STORAGE TECHNOLOGY, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(unaudited)****(in thousands, except per share data)**

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>
<b>Net revenues:</b>				
Product revenues - unrelated parties	\$ 27,971	\$ 19,749	\$ 58,440	\$ 34,637
Product revenues - related parties	43,102	32,017	82,331	55,916
Technology licensing - unrelated parties	12,272	6,040	23,577	17,310
Technology licensing - related parties	355	277	437	349
<b>Total net revenues</b>	<b>83,700</b>	<b>58,083</b>	<b>164,785</b>	<b>108,212</b>
<b>Cost of revenues:</b>				
Cost of revenues - unrelated parties	21,631	14,186	42,930	24,923
Cost of revenues - related parties	38,120	30,388	72,197	54,186
<b>Total cost of revenues</b>	<b>59,751</b>	<b>44,574</b>	<b>115,127</b>	<b>79,109</b>
<b>Gross profit</b>	<b>23,949</b>	<b>13,509</b>	<b>49,658</b>	<b>29,103</b>
<b>Operating expenses:</b>				
Research and development	15,223	11,250	30,835	22,664
Sales and marketing	6,918	5,166	14,401	10,126
General and administrative	7,721	4,636	14,904	9,796
Other				329
<b>Total operating expenses</b>	<b>29,862</b>	<b>21,052</b>	<b>60,140</b>	<b>42,915</b>
<b>Loss from operations</b>	<b>(5,913)</b>	<b>(7,543)</b>	<b>(10,482)</b>	<b>(13,812)</b>
Interest and dividend income	1,120	545	2,422	1,189
Impairment of investments		(485)	(234)	(485)
Other income (expense), net	(144)	143	(338)	(4)
<b>Loss before provision for (benefit from) income taxes and pro rata share of loss from equity investments</b>	<b>(4,937)</b>	<b>(7,340)</b>		