

MEMSIC Inc  
Form 10-Q  
November 14, 2012

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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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, 2012

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. 001-33813

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MEMSIC, Inc.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

04-3457049  
(I.R.S. Employer Identification No.)

One Tech Drive, Suite 325  
Andover, Massachusetts  
(Address of principal executive offices)

01810  
(Zip Code)

(978) 738-0900  
(Registrant's telephone number, including area code)

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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 during

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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, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company  
x

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

The number of shares of common stock, par value \$0.00001 per share, of the registrant outstanding as of November 12, 2012 was 24,199,585.

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MEMSIC, Inc.

FORM 10-Q, September 30, 2012

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements (Unaudited)

MEMSIC, Inc.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	September 30, 2012	December 31, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$25,347,187	\$51,914,128
Restricted cash	2,706,830	3,791,189
Short-term investments	33,640,012	6,814,728
Accounts receivable, net of allowance for doubtful accounts of \$41,815 and \$6,441, respectively, as of September 30, 2012 and December 31, 2011	6,833,143	6,068,904
Inventories	9,775,070	11,459,153
Other current assets	2,751,586	2,050,787
<b>Total current assets</b>	<b>81,053,828</b>	<b>82,098,889</b>
Property and equipment, net	29,488,751	30,998,489
Long-term investments	2,600,000	2,600,000
Goodwill	612,578	606,976
Intangible assets, net	10,133,406	11,091,532
Other assets	141,610	136,633
<b>Total assets</b>	<b>\$124,030,173</b>	<b>\$127,532,519</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$4,332,101	\$8,439,605
Accrued expenses	3,199,371	2,630,966
Advance research funding	2,706,830	3,791,189
Current portion of note payable to bank	1,000,000	500,000
<b>Total current liabilities</b>	<b>11,238,302</b>	<b>15,361,760</b>
Note payable to bank, net of current portion	16,430,000	17,430,000
Building liability	8,064,310	8,161,288
Other liabilities	97,105	124,180
<b>Total other liabilities</b>	<b>24,591,415</b>	<b>25,715,468</b>
Stockholders' equity:		
Common stock, \$0.00001 par value; authorized, 45,000,000 shares; 24,199,585 and 23,983,813 shares issued and outstanding at September 30, 2012 and December 31, 2011, respectively	242	240
Additional paid-in capital	102,556,701	101,266,272
Accumulated other comprehensive income	4,423,913	4,363,930
Accumulated deficit	(19,487,200 )	(19,908,135 )

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MEMSIC, Inc. stockholders' equity	87,493,656	85,722,307
Non-controlling interest related to joint ventures	706,800	732,984
Total stockholders' equity	88,200,456	86,455,291
Total liabilities and stockholders' equity	\$ 124,030,173	\$ 127,532,519

See notes to consolidated financial statements (unaudited)

MEMSIC, Inc.  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
Net sales	\$ 15,188,705	\$ 18,357,300	\$ 49,620,995	\$ 46,684,854
Cost of goods sold	9,878,008	12,155,533	31,108,812	30,543,197
Gross profit	5,310,697	6,201,767	18,512,183	16,141,657
Operating expenses:				
Research and development	1,440,336	2,200,240	4,912,696	6,610,213
Sales and marketing	1,276,933	1,881,240	3,937,640	4,875,893
General and administrative	2,332,925	2,397,618	6,968,920	6,374,497
Depreciation	358,277	401,815	1,175,572	1,199,166
Amortization	338,879	403,835	1,148,887	1,212,001
Total operating expenses	5,747,350	7,284,748	18,143,715	20,271,770
Operating (loss) income	(436,653 )	(1,082,981 )	368,468	(4,130,113 )
Other income:				
Interest and dividend income	4,378	153,227	237,412	335,082
Foreign exchange gain (loss)	209,628	328,639	(15,825 )	848,114
Other, net	19,583	323,587	58,225	406,007
Total other income	233,589	805,453	279,812	1,589,203
(Loss) profit before income taxes	(203,064 )	(277,528 )	648,280	(2,540,910 )
Provision for income taxes	96,462	58,343	194,400	172,653
Net (loss) income	(299,526 )	(335,871 )	453,880	(2,713,563 )
Less: net income attributable to non-controlling interests	18,629	32,895	32,945	91,685
Net (loss) income attributable to MEMSIC, Inc.	\$(318,155 )	\$(368,766 )	\$420,935	\$(2,805,248 )
Net (loss) income per common share attributable to MEMSIC, Inc.:				
Basic	\$(0.01 )	\$(0.02 )	\$0.02	\$(0.12 )
Diluted	\$(0.01 )	\$(0.02 )	\$0.02	\$(0.12 )
Weighted average shares outstanding used in calculating net (loss) income per common share:				
Basic	24,024,725	23,825,134	23,985,453	23,822,587
Diluted	24,024,725	23,825,134	24,414,565	23,822,587

See notes to consolidated financial statements (unaudited)



MEMSIC, Inc.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)  
(Unaudited)

	For the three months ended September 30,		For the nine months ended September 30,	
	2012	2011	2012	2011
Net (loss) income	\$(299,526	) \$(335,871	) \$453,880	\$(2,713,563
Other comprehensive income (loss):				
Unrealized gain on investments	1,068	(199,759	) 12	(200,570
Foreign currency translation adjustments	387,628	398,169	59,972	943,809
Comprehensive income (loss)	89,170	(137,461	) 513,863	(1,970,324
Less: income attributable to noncontrolling interest	18,629	32,895	32,945	91,685
Foreign currency translation adjustment	-	-	-	(3,025
Comprehensive income attributable to noncontrolling interests	18,629	32,895	32,945	88,660
Comprehensive income (loss) attributable to MEMSIC, Inc.	\$70,541	\$(170,356	) \$480,918	\$(2,058,984

See notes to consolidated financial statements (unaudited)



MEMSIC, Inc.  
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY  
(Unaudited)

	Common Shares	Stock Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income	Accumulated Deficit	MEMSIC, Inc. Stockholders' Equity	Non- controlling Interest	Total Equity
Balance at December 31, 2011	23,983,813	\$ 240	\$ 101,266,272	\$ 4,363,930	\$(19,908,135)	\$ 85,722,307	\$ 732,984	\$ 86,455,291
Net income				-	420,935	420,935	32,945	453,880
Foreign currency translation adjustment				59,972	-	59,972	-	59,972
Unrealized loss on short-term investment				12	-	12	-	12
Comprehensive income				59,983	420,935	480,918	32,945	513,863
Exercise of options to purchase common stock	106,468	1	193,537			193,538		193,538
Issuance of restricted stock award	109,304	1	(7,224 )			(7,223 )		(7,223 )
Stock compensation expense			1,104,116			1,104,116		1,104,116
Dividend paid to Japan non-controlling interest							(59,129 )	(59,129 )