

DOT HILL SYSTEMS CORP

Form 10-Q

August 08, 2012

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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, 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 number 1-13317

DOT HILL SYSTEMS CORP.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

13-3460176

(I.R.S. Employer
Identification No.)

1351 S. Sunset Street, Longmont, CO
(Address of principal executive offices)
(303) 845-3200

80501
(Zip Code)

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 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 ☐ Accelerated filer ☒

Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

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

The registrant had 58,210,542 shares of common stock, \$0.000 par value, outstanding as of July 31, 2012.

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Part I. Financial Information

Item 1. Financial Statements

DOT HILL SYSTEMS CORP.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except par value data)

	December 31, 2011	June 30, 2012
ASSETS		
Current Assets:		
Cash and cash equivalents	\$46,168	\$40,499
Accounts receivable, net	31,697	27,085
Inventories	5,251	4,656
Prepaid expenses and other assets	7,896	4,681
Total current assets	91,012	76,921
Property and equipment, net	4,972	5,696
Intangible assets, net	2,601	245
Other assets	294	308
Total assets	\$98,879	\$83,170
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$31,434	\$23,045
Accrued compensation	5,049	4,840
Accrued expenses	10,860	7,889
Deferred revenue	883	1,480
Restructuring accrual	1,328	1,139
Current portion of long-term note payable	71	—
Total current liabilities	49,625	38,393
Other long-term liabilities	552	961
Total liabilities	50,177	39,354
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, \$.001 par value, 10,000 shares authorized, zero shares issued and outstanding at December 31, 2011 and June 30, 2012	—	—
Common stock, \$.001 par value, 100,000 shares authorized, 57,699 and 58,245 shares issued and outstanding at December 31, 2011 and June 30, 2012, respectively	58	58
Additional paid-in capital	321,681	323,672
Accumulated other comprehensive loss	(3,662)	(3,623)
Accumulated deficit	(269,375)	(276,291)
Total stockholders' equity	48,702	43,816
Total liabilities and stockholders' equity	\$98,879	\$83,170
See accompanying notes to unaudited condensed consolidated financial statements.		

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DOT HILL SYSTEMS CORP.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE LOSS

(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2012	2011	2012
NET REVENUE	\$53,179	\$47,768	\$102,353	\$102,512
COST OF GOODS SOLD	39,984	36,813	77,056	76,383
GROSS PROFIT	13,195	10,955	25,297	26,129
OPERATING EXPENSES:				
Research and development	8,946	9,677	16,932	19,619
Sales and marketing	3,649	3,380	6,682	6,913
General and administrative	2,437	2,473	4,778	5,541
Restructuring charge (recovery)	37	73	(4	) 674
Total operating expenses	15,069	15,603	28,388	32,747
OPERATING LOSS	(1,874	) (4,648	) (3,091	) (6,618
OTHER INCOME:				
Interest expense, net	(5	) (7	) (11) —
Other Income, net	(1	) 7	1	11
Total other income (expense), net	(6	) —	(10)