

DSP GROUP INC /DE/
Form 10-Q
May 12, 2014

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 March 31, 2014

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 1-35256

DSP GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of

incorporation or organization)

2161 S. San Antonio Road, Suite 10

Los Altos, California

(Address of Principal Executive Offices) (Zip Code)

94-2683643

(I.R.S. employer identification number)

94022

Registrant's telephone number, including area code: **(408) 986-4300**

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

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

As of May 1, 2014, there were 22,147,089 shares of Common Stock (\$.001 par value per share) outstanding.

INDEX**DSP GROUP, INC.**

	Page No.
<i>PART I. FINANCIAL INFORMATION</i>	
Item 1.	Financial Statements (Unaudited)
	Condensed consolidated balance sheets—March 31, 2014 and December 31, 2013
	Condensed consolidated statements of income—Three months ended March 31, 2014 and 2013
	Condensed consolidated statements of cash flows—Three months ended March 31, 2014 and 2013
	Condensed consolidated statements of stockholders' equity—Three months ended March 31, 2014 and 2013
	Notes to condensed consolidated financial statements—March 31, 2014
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Item 3.	Quantitative and Qualitative Disclosures About Market Risk
Item 4.	Controls and Procedures
<i>PART II. OTHER INFORMATION</i>	
Item 1.	Legal Proceedings
Item 1A.	Risk Factors
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds
Item 3.	Defaults Upon Senior Securities
Item 4.	Mine Safety Disclosure
Item 5.	Other Information
Item 6.	Exhibits
SIGNATURES	

PART 1. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****DSP GROUP, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(U.S. dollars in thousands, except share and per share data)**

	March 31,	December
	2014	31,
	Unaudited	2013
		Audited
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 14,464	\$ 23,578
Restricted deposit	67	77
Marketable securities and short-term deposits	13,458	13,895
Trade receivables	22,569	21,195
Deferred income taxes	90	92
Other accounts receivable and prepaid expenses	3,071	2,641
Inventories	12,193	12,334
TOTAL CURRENT ASSETS	65,912	73,812
PROPERTY AND EQUIPMENT, NET	2,863	2,837
LONG-TERM ASSETS:		
Long-term marketable securities	89,220	90,162
Long-term prepaid expenses and lease deposits	103	100
Severance pay fund	11,493	11,168
Investment in other companies	2,200	2,200
Intangible assets, net	6,313	6,710
Goodwill	5,276	5,276
	114,605	115,616
TOTAL ASSETS	\$ 183,380	\$ 192,265

Note: The balance sheet at December 31, 2013 has been derived from the audited financial statements on that date.

See notes to condensed consolidated financial statements.

DSP GROUP, INC.**CONDENSED CONSOLIDATED BALANCE SHEETS**

(U.S. dollars in thousands, except share and per share data)

	March 31,	December
	2014	31,
	Unaudited	2013
		Audited
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Trade payables	\$ 12,634	\$ 14,149
Accrued compensation and benefits	6,288	9,845
Income tax accruals and payables	1,965	1,985
Accrued expenses and other accounts payable	5,174	5,532
Total current liabilities	26,061	31,511
LONG-TERM LIABILITIES:		
Deferred income taxes	1,087	1,183
Accrued severance pay	11,517	11,179
Accrued pensions	988	981
Total long-term liabilities	13,592	13,343
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Capital stock:		
Preferred stock, \$ 0.001 par value - Authorized shares: 5,000,000 at March 31, 2014 and December 31, 2013; Issued and outstanding shares: none at March 31, 2014 and December 31, 2013	-	-
Common stock, \$ 0.001 par value - Authorized shares: 50,000,000 shares at March 31, 2014 and December 31, 2013; Issued and outstanding shares: 22,126,569 and 22,349,780 shares at March 31, 2014 and December 31, 2013, respectively	22	22
Additional paid-in capital	351,937	350,494
Treasury stock	(120,360)	(118,749)
Accumulated other comprehensive loss	(943)	(821)
Accumulated deficit	(86,929)	