

OPTI INC
Form 10-Q/A
February 16, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
Amendment No. 3

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

For the Quarterly Period Ended December 31, 2011

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 0-21422
OPTi Inc.

(Exact name of registrant as specified in its charter)

CALIFORNIA
(State or other jurisdiction of
incorporation or organization)

77-0220697
(I.R.S. Employer Identification
No.)

One First Street, Suite 14, Los
Altos, California
(Address of principal executive
office)

94022
(Zip Code)

Registrant's telephone number, including area code (650) 213-8550

Indicate by check mark whether the registrant (1) has filed all reports 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

Edgar Filing: OPTI INC - Form 10-Q/A

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12(b)-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's common stock as of January 31, 2012 was 11,645,903.

INDEX

EXPLANATORY NOTE

This Amendment No. 1 on Form 10/Q-A amends our quarterly report on Form 10-Q for the fiscal quarter ended December 31, 2011, as filed with the Securities and Exchange Commission on February 14, 2012, and is being filed solely to include the XBRL exhibit to the filing.

PAGE 2

INDEXOPTi Inc.
INDEX

	Page #
<u>PART I: FINANCIAL INFORMATION</u>	4
<u>ITEM 1:</u>	
<u>FINANCIAL STATEMENTS (Unaudited)</u>	4
<u>Condensed Consolidated Balance Sheets</u>	4
<u>Condensed Consolidated Statements of Operations</u>	5
<u>Condensed Consolidated Statements of Cash Flows</u>	6
<u>Notes to the Condensed Consolidated Financial</u>	
<u>Statements</u>	7
<u>ITEM 2:</u>	
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	
<u>OF FINANCIAL CONDITION AND RESULTS OF</u>	
<u>OPERATIONS</u>	11
<u>Overview</u>	11
<u>Results of Operations</u>	12
<u>Liquidity and Capital Resources</u>	13
<u>ITEM 3:</u>	
<u>QUANTITATIVE AND QUALITATIVE</u>	
<u>DISCLOSURES ABOUT MARKET RISK</u>	13
<u>ITEM 4:</u>	
<u>CONTROLS AND PROCEDURES</u>	13
<u>PART II: OTHER INFORMATION</u>	14
<u>ITEM 1:</u>	
<u>LEGAL PROCEEDINGS</u>	14
<u>ITEM 1A:</u>	
<u>RISK FACTORS</u>	15
<u>ITEM 2:</u>	
<u>UNREGISTERED SALES OF EQUITY SECURITIES</u>	
<u>AND USE OF PROCEEDS</u>	15
<u>ITEM 3:</u>	
<u>DEFAULTS UPON SENIOR SECURITIES</u>	15
<u>ITEM 4:</u>	
<u>MINE SAFETY DISCLOSURES</u>	15
<u>ITEM 5:</u>	
<u>OTHER INFORMATION</u>	15
<u>ITEM 6:</u>	
<u>EXHIBITS</u>	16
<u>SIGNATURES</u>	17

INDEX

PART I: FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OPTi INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands)

	December 31, 2011 (unaudited)	March 31, 2011 (audited)
ASSETS		
Current assets:		
Cash and cash equivalents	\$22,507	\$25,779
Prepaid expenses and other current assets	49	105
Income tax receivable	1,174	—
Deferred tax asset	—	556
Total current assets	23,730	26,440
Property and equipment, at cost		
Machinery and equipment	43	62
Furniture and fixtures	17	17
	60	79
Accumulated depreciation	(50)	(70)
	10	9
Other assets		
Non-current deferred tax assets	—	783
Total other assets	—	783
Total assets	\$23,740	\$27,232
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$79	\$32
Accrued expenses	229	211
Accrued employee compensation	9	684
Total current liabilities	317	927
Other liabilities:		
Non-current taxes payable	3,759	4,098
Total liabilities	4,076	5,025
Stockholders' equity:		
Preferred stock, no par value		
Authorized shares – 5,000		
No shares issued or outstanding	—	—
Common stock		
Authorized shares – 50,000		
Issued and outstanding – 11,646 at December 31, 2011 and March 31, 2011	13,544	13,544

Edgar Filing: OPTI INC - Form 10-Q/A

Retained earnings	6,120	8,663
Total stockholders' equity	19,664	22,207
Total liabilities and stockholders' equity	\$23,740	\$27,232

* The balance sheet as of March 31, 2011 has been derived from the audited financial statements.
The accompanying notes are an integral part of these condensed consolidated financial statements.

PAGE 4

INDEX

OPTi Inc.
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
 (in thousands, except for per share data)
 (unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2011	2010	2011	2010
Sales				
License and royalties	\$240	\$12,250	\$240	\$50,625
Net sales	240	12,250	240	50,625
Costs and expenses				
Selling, general and administrative	495	1,382	2,161	4,442
Total costs and expenses	495	1,382	2,161	4,442
Operating income (loss)	(255)	10,868	(1,921)	46,183
Interest and other income, net	3	3	10	8
Income (loss) before provision for income taxes	(252)	10,871	(1,911)	46,191
Income tax provision (benefit)	1,137	6,048	632	20,232
Net income (loss)	\$(1,389)	\$4,823	\$(2,543)	\$25,959
Basic net income (loss) per share	\$(0.12)	\$0.41	\$(0.22)	\$2.23
Shares used in computing basic per share amounts	11,646	11,646	11,646	11,645
Diluted net income (loss) per share	\$(0.12)	\$0.41	\$(0.22)	\$2.23
Shares used in computing diluted per share amounts	11,646	11,646	11,646	11,646
Dividend paid per common share	—	\$0.65	—	\$1.40

The accompanying notes are an integral part of these condensed consolidated financial statements.

INDEX

OPTi INC.
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (in thousands)
 (unaudited)

	Nine Months Ended December 31,	
	2011	2010
Cash flows from operating activities:		
Net income (loss)	\$(2,543)	\$25,959
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	7	3
Deferred income taxes	1,339	10,030
Changes in operating assets and liabilities:		
Accounts receivable	—	(7,000)
Prepaid expenses and other current assets	56	(12)
Income taxes receivable	(1,174)	—
Accounts payable	47	(2,057)
Accrued expenses	18	(285)
Accrued employee compensation	(675)	959
Income taxes payable	(339)	6,017
Net cash provided by (used in) operating activities	(3,264)	33,614
Cash flows from investing activities:		
Purchase of equipment	(8)	(1)
Net cash used in investing activities	(8)	(1)
Cash flows from financing activities:		
Proceeds from exercise of stock options	—	5
Dividend	—	(16,304)
Net cash used in financing activities	—	(16,299)
Net increase (decrease) in cash and cash equivalents	(3,272)	17,314
Cash and cash equivalents, beginning of period	25,779	3,578
Cash and cash equivalents, end of period	\$22,507	\$20,892
Supplemental disclosures of cash flow information		
Income taxes paid	\$739	\$4,185

The accompanying notes are an integral part of these condensed consolidated financial statements.

INDEX

OPTi Inc.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2011
(Unaudited)

1. Basis of Presentation

The information as of December 31, 2011 and for the three-month and nine-month periods ended December 31, 2011 and 2010, is unaudited, but include all adjustments (consisting of normal recurring adjustments) which the Company's management believes to be necessary for the fair presentation of the financial position, results of operations and cash flows for the periods presented. Interim results are not necessarily indicative of results for a full year.

The accompanying financial statements should be read in conjunction with the Company's audited financial statements for the year ended March 31, 2011, which are included in the annual report on Form 10-K filed by the Company with the Securities and Exchange Commission.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates under different assumptions or conditions.

Summary of Significant Accounting Policies, Income Taxes

Income taxes are calculated under Accounting Standard Codification Topic 740 "Accounting for Income Taxes". Under ASC 740, the liability method is used in accounting for income taxes, which includes the effects of deferred tax assets or liabilities. Deferred tax assets or liabilities are recognized for the expected tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities using the enacted tax rates that will be in effect when these differences reverse. The Company provides a valuation allowance to reduce deferred tax assets to the amount that is expected, based on whether such assets are more likely than not to be utilized.

2. Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the average number of common shares outstanding during the period.

Diluted net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares that would be outstanding if all convertible securities were converted into common stock.

INDEX

The following table sets forth the computation of basic and diluted net income (loss) per share (in thousands, except per share amounts):

	Three Months ended December 31,		Nine Months ended December 31,	
	2011	2010	2011	2010
Net income (loss)	\$(1,389)	\$4,823	\$(2,543)	\$25,959
Weighted average number of common shares outstanding	11,646	11,646	11,646	11,645
Basic net income (loss) per share	\$(0.12)	\$0.41	\$(0.22)	\$2.23
Weighted average number of common shares outstanding	11,646	11,646	11,646	11,645
Effect of dilutive securities:				
Employee stock options	—	—	—	1
Denominator for diluted net income (loss) per share	11,646	11,646	11,646	11,646
Diluted net income (loss) per share	\$(0.12)	\$0.41	\$(0.22)	\$2.23

The Company has excluded options for the purchase of 4,000 shares of Common Stock from the calculation of diluted net (loss) per share for the three and nine months ended December 31, 2011, because such securities are anti-dilutive.

3. Taxes

As part of the process of preparing the unaudited consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves estimating the current tax liability under the most recent tax laws and assessing temporary differences from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the unaudited condensed consolidated balance sheets.

Income tax expense for the three months ended December 31, 2011 was \$1.1 million, or (441) % of pre-tax loss, compared to \$6.0 million or 56% of pre-tax income for the three months ended December 31, 2010. Income tax expense for the nine-month period ending December 31, 2011 was \$0.6 million, or (33) % of pre-tax loss as compared to \$20.2 million, or approximately 44% of pre-tax income for the nine-month period ended December 31, 2010. The effective tax rate for the three and nine-month periods ended December 31, 2011 differs from the U.S. federal statutory rate of 35% primarily due to the prior year tax true up and an increase in valuation allowance. The effective tax rate for the three and nine-month periods ended December 31, 2010 differs from the U.S. federal statutory rate of 35% primarily due to an increase in valuation allowance.

As of December 31, 2011, the Company's total gross unrecognized tax benefit has decreased by \$0.3 million as compared with the balance as of September 30, 2011. The Company has recorded a liability of approximately \$3.5 million representing unrecognized tax benefits relating to Federal and State research and development credits. All of this amount would impact the Company's effective tax rate, if recognized. Penalty and interest of approximately \$0.2 million has been accrued in income tax expense.

INDEX

4. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents as of December 31 and March 31, 2011 (in thousands):

	December 31, 2011	March 31, 2011
Cash	\$ 100	\$ 100
Money markets funds	22,407	25,679
	\$ 22,507	\$ 25,779

The accounting standard for fair value establishes a framework for measuring fair value and requires disclosures about fair value measurements by establishing a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level I — Observable inputs such as quoted prices in active markets;
- Level II — Inputs other than the quoted prices in active markets that are observable either directly or indirectly; and
- Level III — Unobservable inputs in which there is little or no market data, which requires the Company to develop its own assumptions. This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value. On a recurring basis, the Company measures its investments and marketable securities at fair value.

As December 31, 2011 and March 31, 2011, the Company had investments in money market funds of \$22.4 million and \$25.7 million, respectively, in cash equivalents classified as Level I of the fair market hierarchy and no Level II or Level III investments.

5. Commitments

The Company leases its facility under a non-cancelable operating lease that expired in December 2011.

Rental expense for the operating lease amounted to \$29,000 and \$29,000, respectively, for the three months ended December 31, 2011 and December 31, 2010. For the nine-month periods ended December 31, 2011 and 2010, rental expense was \$87,000 and \$87,000, respectively.

As of December 31, 2011, the Company had no future minimum lease commitments.

In January 2012, the Company entered into a two year non-cancelable operating lease that expires on January 31, 2014.

PAGE 9

INDEX

6. Subsequent Events

On January 12, 2012, the Company filed a preliminary consent solicitation with the Securities and Exchange Commission ("SEC"). Upon finalization of the consent solicitation statement, the Company's shareholders will be asked to consent to wind up and dissolve the Company pursuant to the Plan of Liquidation. If approved, the Company will be liquidated pursuant to the Plan of Liquidation as set forth in the final consent solicitation statement.

If the Company's shareholders do not consent to the Plan of Dissolution, the Company will not liquidate. The Board would then consider other alternatives for the Company. See Risk Factors below.

On February 9, 2012, a shareholder class action was filed in the United States District Court for the Northern District of California alleging that the Company's directors breached their fiduciary duties in approving the Plan of Liquidation and violated Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9 in connection with issuing the consent solicitation with the intention of obtaining shareholder approval. The action also alleges that the Company aided and abetted in the director's breach of fiduciary duties. The Company and directors believe that this action is without merit and will defend it vigorously.

In January 2012, the Company entered into a two-year non-cancelable operating lease that expires on January 31, 2014.

Future minimum lease commitments by fiscal year for the facility are as follows:

March 31, 2012	\$7,875
March 31, 2013	47,565
March 31, 2014	40,950
	Total lease commitment: \$96,390

INDEX

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information set forth in this report constitutes and includes forward-looking information made within the meaning of Section 27A of the Security Act of 1933, as amended, and Section 21E of the Securities and Exchange Act of 1934, as amended, which involves risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward looking statements as a result of a number of factors, including the Company's recent decision to recommend to its shareholders to adopt the Plan of Liquidation and effects thereof, the Company's ongoing efforts to enforce its intellectual property rights including its pending litigation efforts, the willingness of the parties it believes are infringing its patents to settle its claims against them, the amount of litigation costs the Company must incur in pursuing its patent infringement claims and defending its decision to liquidate, the degree to which technology subject to the Company's intellectual property rights is continuing to be used by other companies in the personal computer and semiconductor industries and our ability to obtain license revenues from them, changes in intellectual property law in such industries and in general and other matters. Readers are encouraged to refer to "Risk Factors".

OPTi was founded in 1989 as an independent supplier of semiconductor products to the personal computer market. During fiscal 2003, the Company sold its product fabrication, distribution and sales operations to Opti Technologies, Inc., an unrelated third party. As a result of this transaction all future revenues for the Company are expected to be generated from the licensing of the Company's intellectual property.

The Company's recent strategy has been to pursue licensing opportunities to resolve potential infringement of its proprietary intellectual property in the core logic area. During fiscal year 2011, the Company entered into several settlement and licensing agreements totaling approximately \$50.6 million on the core logic technology that the Company had developed.

As technology in the computing industry has evolved, the ability of the Company to pursue infringement claims has become increasingly limited, and the Company has determined that it has exhausted the litigation opportunities that may be worth pursuing. After investigating available alternatives the Board has unanimously resolved to wind up and dissolve the Company pursuant to the Plan of Liquidation in order to maximize shareholder return.

Critical Accounting Policies

General Our discussions and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires that we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates based on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe that, of the significant accounting policies used in preparation of our consolidated financial statements (see Note 1 of Notes to Condensed Consolidated Financial Statements); the following are critical accounting policies, which may involve a higher degree of judgment and complexity.

Revenue Recognition Revenue from license arrangements is recognized when persuasive evidence of an arrangement exists, delivery has occurred and there are no future performance obligations, fees are fixed or determinable and collectability is reasonably assured.

Litigation and Contingencies From time to time, we receive various inquiries or claims in connection with patent and other intellectual property rights. We estimate the probable outcome of these claims and accrue estimates of the amounts that we expect to pay upon resolution of such matters, if needed. Should we not be able to secure the terms we expect, these estimates may change and may result in increased accruals, resulting in decreased profits.

PAGE 11

INDEX

Results of Operations for the Three and Nine Months Ended December 31, 2011 Compared to the Three and Nine Months Ended December 31, 2010

Revenues

The Company had license revenue of \$240,000 for the three-month period ended December 31, 2011 and \$12,250,000 for the three-month period ended December 31, 2010. The license revenue for the three-month period ended December 31, 2011 relates to the Company entering into a license agreement with Allied Security Trust relating to the Company's Compact-ISA patents. The licensing revenue for the period ended December 31, 2010 of \$12,250,000 relates to the Company entering into a license agreement with Apple, Inc. ("Apple"). The Company had license revenue of \$240,000 for the nine-month period ended December 31, 2011 and \$50,625,000 for the nine-month period ended December 31, 2010. The license revenue for the nine-month period ended December 31, 2010 relates to the Company entering into settlement and licensing agreements with Advanced Micro Devices, Broadcom Corporation, Renesas Technology, Apple and NVIDIA Corporation. The Company's future revenues depend on the success of our strategy of pursuing pending license claims on our intellectual property position. As noted above, the Company has determined that it has exhausted the litigation opportunities that may be worth pursuing.

General and Administrative

General and administrative expenses for the quarter ended December 31, 2011 were \$495,000 as compared to \$1,382,000 for the quarter ended December 31, 2010. The decrease in general and administrative costs for the three-month period ended December 31, 2011, as compared to the comparable period ended December 31, 2010, was mainly attributable to a decrease in litigation costs and employee costs relating to the executive bonus plan. General and Administrative expenses for the nine-month period ended December 31, 2011 were \$2,161,000 as compared to \$4,443,000 for the nine-month period ended December 31, 2010. The decrease in general and administrative costs for the nine-month period ended December 31, 2011 as compared to the comparable period ended December 31, 2010 was mainly attributable to decreased litigation costs and employee costs relating to the executive bonus plan.

Interest and Other Income, Net

Net interest and other income for the three-month period ending December 31, 2011 was \$3,000 as compared to \$3,000 for the three-months ended December 31, 2010. Net interest and other income for the nine-month period ending December 31, 2011 was \$10,000 as compared to \$8,000 for the nine-months ended December 31, 2010. The increase in net interest and other income in the nine-month period ended December 31, 2011 as compared to the comparable period in 2010 was due to higher cash balances.

Income Taxes

As part of the process of preparing the unaudited consolidated financial statements, the Company is required to estimate its income taxes in each of the jurisdictions in which it operates. This process involves estimating the current tax liability under the most recent tax laws and assessing temporary differences from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the unaudited condensed consolidated balance sheets.

Income tax expense for the three months ended December 31, 2011 was \$1.1 million, or (441) % of pre-tax loss, compared to \$6.0 million or 56% of pre-tax income for the three months ended December 31, 2010. Income tax expense for the nine-month period ending December 31, 2011 was \$0.6 million, or (33) % of pre-tax loss as compared to \$20.2 million, or approximately 44% of pre-tax income for the nine-month period ended December 31, 2010. The effective tax rate for the three and nine-month periods ended December 31, 2011 differs from the U.S. federal statutory rate of 35% primarily due to the prior year tax true up and an increase in valuation allowance. The effective tax rate for the three and nine-month periods ended December 31, 2010 differs from the U.S. federal statutory rate of 35% primarily due to an increase in valuation allowance.

PAGE 12

INDEX

As of December 31, 2011, the Company's total gross unrecognized tax benefit has decreased by \$0.3 million as compared with the balance as of September 30, 2011. The Company has recorded a liability of approximately \$3.5 million representing unrecognized tax benefits relating to Federal and State research and development credits. All of this amount would impact the Company's effective tax rate, if recognized. Penalty and interest of approximately \$0.2 million has been accrued in income tax expense.

Liquidity and Capital Resources

Cash and cash equivalents decreased to \$22.5 million at December 31, 2011 from \$25.8 million at March 31, 2011. The decrease in cash and cash equivalents of approximately \$3.3 million from March 31, 2011, to December 31, 2011, primarily relates to the net loss for the period, increase in income tax receivable and a reduction in accrued employee compensation, offset in part, by a decrease in deferred income taxes. Working capital as of December 31, 2011, decreased to \$23.4 million from \$25.5 million at March 31, 2011. During the first nine-months of fiscal 2012, operating activities used approximately \$3.3 million of cash. Cash used by operating activities was primarily due to net loss during the nine-month period of \$2.5 million and an increase in income tax receivable of \$1.2 million.

As of December 31, 2011, the Company's principal sources of liquidity included cash, cash equivalents of approximately \$22.5 million, and net working capital of approximately \$23.4 million. The Company believes that the existing sources of liquidity will satisfy the Company's projected working capital and other cash requirements through at least the next twelve months.

The Company's building lease agreement ended on December 31, 2011. The Company entered into a new non-cancelable two year operating lease that is scheduled to expire on January 31, 2014. The total commitment under the new lease is approximately \$96,000.

Contractual Obligations

There was no material change as of December 31, 2011, to our contractual obligations as compared to those at March 31, 2011 as disclosed in our Annual Report on Form 10-K for the year ended March 31, 2011.

Off Balance Sheet Arrangements

None

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

We maintain our cash and cash equivalents primarily in money market funds. We do not have any derivative financial instruments. As of December 31, 2011, all of our investments mature in less than one month. Accordingly, we do not believe that our investments have significant exposure to interest rate risk.

Item 4. Controls and Procedures

(a) We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15 as of the end of the Company's quarter ended December 31, 2011. Based upon that evaluation, our Chief Executive Officer, along with our Chief Financial Officer, concluded that our disclosure controls and procedures are effective at the reasonable assurance level.

(b) There have been no material changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

We intend to review and evaluate the design and effectiveness of our disclosure controls and procedures on an ongoing basis and to improve our controls and procedures over time and correct any deficiencies that we may discover in the future. Our goal is to ensure that our senior management has timely access to all material financial and non-financial information concerning our business. While we believe the present design of our disclosure controls and procedures is effective to achieve our goal, future events affecting our business may cause us to significantly modify our disclosure controls and procedures.

There were no changes in our internal controls over financial reporting during our last quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

INDEX

OPTi Inc.

Part II. Other Information

Item 1. Legal Proceedings

On July 30, 2010, the Company filed a patent infringement lawsuit in the United States District Court for the Eastern District of Texas against VIA and Silicon Integrated Systems Corp. (“SIS”) for infringement of two U.S. patents. The two patents at issue in the lawsuit are U.S. Patent No. 5,710,906 and U.S. Patent No. 6,405,291; all entitled “Predictive Snooping of Cache Memory for Master-Initiated Accesses”. The complaint alleges that VIA and SIS infringe the patents by making, selling, and offering for sale CPUs and core logic products based on and incorporating Predictive Snooping technology and inducing and contributing to the infringement of the patents by others. OPTi has requested a jury trial in this matter that is currently scheduled for November 2012. The Company in its case against VIA and SIS is seeking damages or other monetary relief, including pre-judgment interest and awarding of OPTi’s attorney fees.

On February 9, 2012, a shareholder class action was filed in the United States District Court for the Northern District of California alleging that the Company’s directors breached their fiduciary duties in approving the Plan of Liquidation and violated Section 14(a) of the Securities Exchange Act of 1934 and Rule 14a-9 in connection with issuing the consent solicitation with the intention of obtaining shareholder approval. The action also alleges that the Company aided and abetted in the director’s breach of fiduciary duties. The Company and directors believe that this action is without merit and will defend it vigorously.

Item 1A. Risk Factors

Please see Part I, Item 1A of Form 10-K for the fiscal year ended March 31, 2011, for previously disclosed risk factors.

Potential Reduction of Number of Infringement Claims

As noted above, the Company has only one legal action pending and its Board has unanimously adopted the proposed Plan of Liquidation based on the conclusion that the Company has exhausted its potential infringement claims.

Uncertainty of Future Distributions to Shareholders

The amount and frequency of future distributions to shareholders depends upon a number of factors including, but not limited to, whether the Company’s proposed Plan of Liquidation is approved by the Company’s shareholders, the Company’s ability to achieve future revenues from its remaining patent infringement claims and the amount of the Company’s legal, operating and compensation costs. Even if the Company’s shareholders approve the proposed Plan of Liquidation, certain shareholders may attempt to challenge implementation of the Plan as indicated by the litigation noted above (see Legal Proceedings).. Accordingly, there can be no assurance regarding the amount or frequency of future distributions. If the shareholders do not adopt the Plan of Liquidation, the Company may incur substantial expense in developing other alternatives which may not be viable.

Uncertainty over Winding Up and Dissolution of the Company

As noted above, the Company's shareholders will be asked to consent to wind up and dissolve the Company pursuant to the Plan of Liquidation. Shareholders may not approve the Plan of Liquidation. Even if the Company's shareholders approve the Plan of Liquidation, certain shareholders may attempt to challenge implementation of the Plan. In addition, shareholders may petition a California Superior Court to take jurisdiction over the dissolution of the Company, resulting in uncertainty as to the method and timing of the Company's dissolution. There can be no assurance that dissolution will proceed smoothly or on time as a result of future events.

PAGE 14

INDEX

Uncertainty of Control of the Company's Future

The Company's largest shareholder has recently increased its ownership from 28% to 35% of the Company's outstanding common stock and has attempted to obtain representation on the Board of Directors. Such shareholder has indicated in its public filings with the Securities and Exchange Commission that it may engage in discussions with the Company regarding the timing and characterization of cash distributions to shareholders and the potential orderly liquidation of the Company. The shareholder has also reserved the right to take any and all actions that it deems appropriate to maximize the value of its investment in the Company.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds
Not applicable and has been omitted.

Item 3. Defaults Upon Senior Securities
Not applicable and has been omitted.

Item 4. Mine Safety Disclosures
Not applicable and has been omitted.

Item 5. Other Information
Not applicable and has been omitted

PAGE 15

INDEX

Item 6. Exhibits

Exhibit

Number Description

- 3.1 Registrant's Articles of Incorporation, as amended (1)
- 3.2 Registrant's Bylaws (1)
- 10.1 1993 Stock Option Plan, as amended (1)
- 10.2 1993 Director Stock Option Plan (1)
- 10.3 Form of Indemnification Agreement Between Registrant and its Officers and Directors (1)
- 10.4 1996 Employee Stock Purchase Plan (2)
- 10.5 1995 Employee Stock Option Plan, as amended
- 10.6 Patent License Agreement between Intel Corporation and OPTi Inc. (4)
- 10.7 OPTi Inc. Technology License Agreement between OPTi Inc. and Opti Technologies Inc. dated as of September 30, 2002 (5)
- 10.8 Lease Agreement with John Arrillaga, Trustee, or his Successor Trustee UTA dated 7/20/77 (JOHN ARRILLAGA SURVIVOR'S TRUST) as amended, dated as of November 21, 2006
- 10.9 Employment Agreement with Bernard T. Marren, dated as of November 27, 2007 (7)
- 10.10 Employment Agreement with Michael M. Mazzoni, dated as of November 7, 2007 (7)
- 10.11 Dismissal and License Option Agreement with Broadcom, dated December 23, 2008 (8)
- 10.12 Standstill and Option Agreement with Renesas Technology Corp. and Renesas Technology America, Inc., dated as of January 23, 2009 (9)
- 10.13 Settlement and License Agreement with VIA Technologies, Inc., dated as of October 1, 2009 (10)
- 10.14 Amendment No. 1 to Lease Agreement with John Arrillaga, Trustee, or his Successor Trustee UTA dated 7/20/77 (JOHN ARRILLAGA SURVIVOR'S TRUST) as amended, dated as of December 11, 2009 (11)
- 10.15 Litigation Settlement and License Agreement with Advanced Micro Devices, Inc., dated as of April 30, 2010 (13)
- 10.16 Settlement and License Agreement with Advanced Micro Devices, Inc., dated as of April 30, 2010 (13)
- 10.17 Pre-Snoop Patent License and Arbitration Settlement Agreement with NVIDIA Corporation, dated as of September 28, 2010 (14)
- 10.18 Settlement and License Agreement with Apple Inc., dated as December 6, 2010 (15)
- 10.19 Patent License Agreement with Exar Corporation, dated March 14, 2011 (16)
- 31.1 Section 302 Certification of Chief Executive Officer
- 31.2 Section 302 Certification of Chief Financial Officer
- 32.1 Section 906 Certification of Chief Executive Officer
- 32.2 Section 906

(1)

Edgar Filing: OPTI INC - Form 10-Q/A

- Incorporated by reference to Registrants Statement on Form S-1 (File No. 33-59978) as declared effective by the Securities and Exchange Commission on May 11, 1993.
- (2) Incorporated by reference to the Registration Statement on Form S-8 (File No. 333-15181) as filed with the Securities and Exchange Commission on October 1, 1996.
 - (3) Incorporated by reference to Registration Statement on Form S-8 (File No. 333-17299) as filed with the Securities and Exchange Commission on December 5, 1996.
 - (4) Incorporated by reference to the Annual Report on Form 10-K for the Fiscal Year Ended December 31, 1999, of OPTi Inc., (File No. 000-21422).
 - (5) Incorporated by reference to the Current Report on Form 8-K filed with the Securities and Exchange Commission on October 18, 2002 (File No. 000-21422).
 - (6) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2006, of OPTi Inc. (File No. 000-21422).
 - (7) Incorporated by reference to the Definitive Proxy Statement Filed Pursuant to Section 14(a) of the Securities Exchange Act of 1934 on October 29, 2007 (File No. 000-21422).
 - (8) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2008, of OPTi Inc. (File No. 000-21422).

PAGE 16

INDEX

- (9) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended June 30, 2009, of OPTi Inc. (File No. 000-21422).
- (10) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2009, of OPTi Inc. (File No. 000-21422).
- (11) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended December 31, 2009, of OPTi Inc., as amended (File No. 000-21422).
- (12) Incorporated by reference to the Current Report on Form 8-K filed with the Securities and Exchange Commission on May 4, 2010 (File No. 000-21422).
- (13) Incorporated by reference to the Quarterly Report on Form 10-Q for the Quarter Ended September 30, 2010, of OPTi Inc. (File No. 000-21422).
- (14) Incorporated by reference to the Annual Report on Form 10-K for the Fiscal Year Ended March 31, 2005, of OPTi Inc. (File No. 000-21422).
- (15) Incorporated by reference to the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 9, 2010 (File No. 000-21422).
- (16) Incorporated by reference to the Annual Report on Form 10-K for the Fiscal Year Ended March 31, 2011, of OPTi Inc. (File No. 000-21422).

INDEX

OPTi Inc.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: February 14, 2012

By: OPTi Inc.
/s/ Michael Mazzoni
Michael Mazzoni
Signed on behalf of the
Registrant and as
Chief Financial Officer

PAGE 18
