

FORMFACTOR INC
Form 10-Q/A
November 13, 2007

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION**

Washington, D.C. 20549

Form 10-Q/A

Amendment No. 1

(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, 2007

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: 000-50307

FormFactor, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

13-3711155

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

7005 Southfront Road, Livermore, California 94551

(Address of principal executive offices, including zip code)

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(925) 290-4000

(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 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. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 July 28, 2007, 48,016,014 shares of the registrant's common stock, par value \$0.001 per share, were outstanding.

EXPLANATORY NOTE

FormFactor, Inc. (the Company) previously announced its intention to restate its consolidated financial statements for the year ended December 30, 2006 including each of the fiscal quarters for that year and the first two quarters of fiscal 2007. The Company is filing this Quarterly Report on Form 10-Q/A (the Form 10-Q/A) for the quarter ended June 30, 2007 to reflect the restatement of its consolidated financial statements, the notes thereto, and related disclosures for the quarter ended June 30, 2007.

During October 2007, the Company completed a review of its historical practices with respect to inventory valuation. That review indicated that during fiscal 2006 and the first half of fiscal 2007 it did not consistently follow its accounting policies for valuing inventory. The Company's review indicates that the failure to adhere consistently to Company accounting policies for inventory valuation was limited to a small number of employees. The Audit Committee of the Board of Directors has determined that senior management was not aware of the noncompliance. The Company is implementing revised procedures designed to prevent a recurrence of the problem. For more information on these matters, please refer to Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, Note 2 of the Notes to the Condensed Consolidated Financial Statements, and Item 4, Controls and Procedures.

This Form 10-Q/A has not been updated except as required to reflect the effects of the restatement. This amendment and restatement includes changes to Part I, Items 1, 2 and 4. Except as identified in the prior sentence, no other items included in the original Form 10-Q have been amended, and such items remain in effect as of the filing date of the original Form 10-Q. Additionally, this Form 10-Q/A does not purport to provide an update or a discussion of any other developments at the Company subsequent to the original filing.

FORMFACTOR, INC.

FORM 10-Q/A FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FORMFACTOR, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2007 As restated	July 1, 2006 As restated	June 30, 2007 As restated	July 1, 2006 As restated
Revenues	\$ 114,124	\$ 92,433	\$ 216,395	\$ 173,763
Cost of revenues	49,966	44,822	97,954	86,379
Gross margin	64,158	47,611	118,441	87,384
Operating expenses:				
Research and development	14,384	11,627	28,485	21,403
Selling, general and administrative	23,056	17,965	45,984	33,713
Total operating expenses	37,440	29,592	74,469	55,116
Operating income	26,718	18,019	43,972	32,268
Interest income	5,557	3,889	11,001	5,711
Other income (expense), net	(61)	327	(181)	(14)
Income before income taxes	32,214	22,235	54,792	37,965
Provision for income taxes	11,109	7,678	18,476	13,332
Net income	\$ 21,105	\$ 14,557	\$ 36,316	\$ 24,633
Net income per share:				
Basic	\$ 0.44	\$ 0.32	\$ 0.76	\$ 0.56
Diluted	\$ 0.43	\$ 0.30	\$ 0.74	\$ 0.54
Weighted-average number of shares used in per share calculations:				
Basic	47,893	45,920	47,639	43,730
Diluted	49,516	48,165	49,289	45,792

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

FORMFACTOR, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

**(In thousands, except share and per share amounts)
(Unaudited)**

	June 30, 2007 As restated	December 30, 2006 As restated
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 286,610	\$ 284,131
Marketable securities	239,588	208,263
Accounts receivable	78,575	54,571
Inventories	30,429	18,926
Deferred tax assets	14,565	14,496
Prepaid expenses and other current assets	14,319	12,138
Total current assets	664,086	592,525
Restricted cash	2,250	2,250
Property and equipment, net		