

ACTUATE CORP  
Form 10-Q  
August 07, 2009  
Table of Contents

**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, 2009

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. 0-24607

**Actuate Corporation**

(Exact name of Registrant as specified in its charter)

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**Delaware**  
(State of incorporation)

**94-3193197**  
(I.R.S. Employer

Identification No.)

**2207 Bridgepointe Parkway, Suite 500**

**San Mateo, California 94404**

**(650) 645-3000**

(including area code, of Registrant's principal executive offices)

**Former name, former address and former fiscal year, if changed since last report: None**

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, a non-accelerated filer or a smaller reporting company. See definition 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 smaller reporting company) 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practicable date.

<b>Title of Class</b>	<b>Outstanding as of June 30, 2009</b>
Common Stock, par value \$.001 per share	45,397,149

**Table of Contents**

**Actuate Corporation**

**Table of Contents**

**PART I FINANCIAL INFORMATION**

Item 1.	<u>Financial Statements (Unaudited)</u>	3
	<u>Condensed Consolidated Balance Sheets as of June 30, 2009 and December 31, 2008</u>	3
	<u>Condensed Consolidated Statements of Income for the three and six months ended June 30, 2009 and 2008</u>	4
	<u>Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2009 and 2008</u>	5
	<u>Notes to Condensed Consolidated Financial Statements</u>	6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	19
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	34
Item 4.	<u>Controls and Procedures</u>	34

**PART II OTHER INFORMATION**

Item 1.	<u>Legal Proceedings</u>	35
Item 1A.	<u>Risk Factors</u>	36
Item 4.	<u>Submission of Matters to a Vote of Security Holders</u>	47
Item 6.	<u>Exhibits</u>	47
	<u>Signatures</u>	47

**Table of Contents***Part I. Financial Information***Item 1. Financial Statements****ACTUATE CORPORATION****CONDENSED CONSOLIDATED BALANCE SHEETS****(in thousands except share and per share data)****(unaudited)**

	<b>June 30, 2009</b>	<b>December 31, 2008</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 38,488	\$ 24,772
Short-term investments	36,360	17,278
Accounts receivable, net of allowance of \$582 and \$606 at June 30, 2009 and December 31, 2008, respectively	18,329	28,017
Other current assets	7,437	6,620
<b>Total current assets</b>	<b>100,614</b>	<b>76,687</b>
Property and equipment, net	4,285	4,729
Goodwill	36,114	36,114
Other purchased intangibles, net	1,350	1,800
Non-current deferred tax assets	13,175	12,602
Non-current investments		16,391
Other assets	1,808	2,189
	<b>\$ 157,346</b>	<b>\$ 150,512</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,383	\$ 2,067
Restructuring liabilities	2,781	3,206
Accrued compensation	4,455	4,514
Other accrued liabilities	4,123	5,299
Income tax payable	369	
Deferred revenue	38,297	40,900
<b>Total current liabilities</b>	<b>51,408</b>	<b>55,986</b>
Long-term liabilities:		
Note payable	30,000	30,000
Other liabilities	899	1,054
Long-term deferred revenue	1,828	2,472
Long term income tax payable	1,686	1,660
Restructuring liabilities, less current portion	1,778	3,092
<b>Total long-term liabilities</b>	<b>36,191</b>	<b>38,278</b>

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Non-controlling interest in subsidiary	596	584
Stockholders' equity:		
Preferred stock, \$0.001 par value, issuable in series: 5,000,000 shares authorized; none issued and outstanding		
Common stock, \$0.001 par value, 100,000,000 shares authorized; issued 76,741,561 and 75,514,061 shares, respectively; outstanding 45,397,149 and 44,169,649 shares, respectively	45	44
Additional paid-in capital	168,404	160,619
Treasury stock, at cost 31,344,412 shares	(117,299)	(117,256)
Accumulated other comprehensive loss	(746)	(887)
Retained earnings	18,747	13,144
Total stockholders' equity	69,151	55,664
	\$ 157,346	\$ 150,512

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

**Table of Contents**

**ACTUATE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(in thousands, except per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
<b>Revenues:</b>				
License fees	\$ 8,534	\$ 12,289	\$ 17,287	\$ 19,899
Maintenance	19,178	18,648	37,549	36,386
Professional Services	1,829	3,663	3,961	7,836
<b>Total revenues</b>	<b>29,541</b>	<b>34,600</b>	<b>58,797</b>	<b>64,121</b>
<b>Costs and expenses:</b>				
Cost of license fees	236	390	436	716
Cost of services	4,793	6,287	9,533	12,562
Sales and marketing	10,492	13,676	21,202	26,814
Research and development	5,208	5,770	10,258	11,401
General and administrative	4,557	4,683	9,632	9,404
Amortization of other purchased intangibles	170	237	340	474
Restructuring charges	70	261	111	403
<b>Total costs and expenses</b>	<b>25,526</b>	<b>31,304</b>	<b>51,512</b>	<b>61,774</b>
<b>Income from operations</b>	<b>4,015</b>	<b>3,296</b>	<b>7,285</b>	<b>2,347</b>
Interest and other income, net	112	453	584	78
Interest expense (income)	(355)	3	(710)	
<b>Income before income taxes</b>	<b>3,772</b>	<b>3,752</b>	<b>7,159</b>	<b>2,425</b>
Provision (benefit) for income taxes	972	857	1,556	(3,377)
<b>Net income</b>	<b>\$ 2,800</b>	<b>\$ 2,895</b>	<b>\$ 5,603</b>	<b>\$ 5,802</b>
<b>Basic net income per share</b>	<b>\$ 0.06</b>	<b>\$ 0.05</b>	<b>\$ 0.13</b>	<b>\$ 0.10</b>
Shares used in basic per share calculation	45,030	60,227	44,745	60,565
<b>Diluted net income per share</b>	<b>\$ 0.06</b>	<b>\$ 0.04</b>	<b>\$ 0.11</b>	<b>\$ 0.09</b>
Shares used in diluted per share calculation	49,235	65,485	48,779	66,370

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

**Table of Contents****ACTUATE CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands, unaudited)

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2009</b>	<b>2008</b>
<b>Operating activities</b>		
Net income	\$ 5,603	\$ 5,802
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock based compensation expense related to stock options and employee stock purchase plan	3,763	5,011
Amortization of other purchased intangibles	450	764
Amortization of debt issuance cost	140	
Depreciation	1,108	1,128
Net operating loss utilizations (adjustments) related to prior acquisitions		(228)
Change in valuation allowance on deferred tax assets	(575)	
Accretion/amortization on short-term debt securities	170	205
Other-than-temporary impairment on Auction Rate Securities (ARS)	734	
Gain on the fair value of put option	(788)	
Changes in operating assets and liabilities:		
Accounts receivable, net of allowance	9,688	14,601
Other current assets	(242)	544
Accounts payable	(681)	(1,191)
Accrued compensation	(59)	(1,682)
Other accrued liabilities	(907)	(1,430)
Deferred tax assets	(8)	(48)
Income taxes receivable	(577)	(3,124)
Income taxes payable	395	
Other liabilities	(155)	(53)
Restructuring liabilities	(1,739)	(1,272)
Deferred revenue	(3,248)	(2,152)
<b>Net cash provided by operating activities</b>	<b>13,072</b>	<b>16,875</b>
<b>Investing activities</b>		
Purchases of property and equipment	(662)	(1,530)
Release of restricted cash	229	
Proceeds from sale and maturity of investments	8,053	46,297
Purchases of short-term investments	(10,783)	(35,137)
Change in other current and non-current assets	(18)	
<b>Net cash provided by (used in) investing activities</b>	<b>(3,181)</b>	<b>9,630</b>
<b>Financing activities</b>		
Tax benefit from exercise of stock options	1,220	
Proceeds from issuance of common stock		