

ACTUATE CORP
Form 10-Q
November 05, 2010
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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 September 30, 2010

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.

Title of Class	Outstanding as of September 30, 2010
Common Stock, par value \$.001 per share	44,930,303

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Actuate Corporation

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	September 30, 2010	December 31, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 51,641	\$ 53,173
Short-term investments	21,899	22,358
Accounts receivable, net of allowance of \$669 and \$749 at September 30, 2010 and December 31, 2009, respectively	20,590	33,176
Other current assets	5,780	5,667
Total current assets	99,910	114,374
Property and equipment, net	3,377	3,786
Goodwill	46,389	36,114
Other purchased intangibles, net	16,350	900
Non-current deferred tax assets	13,938	12,920
Other assets	1,545	1,670
	\$ 181,509	\$ 169,764
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,560	\$ 1,372
Restructuring liabilities	2,035	2,796
Accrued compensation	5,888	4,918
Other accrued liabilities	4,204	5,330
Income tax payable	1,046	845
Deferred revenue	39,084	44,999
Total current liabilities	53,817	60,260
Long-term liabilities:		
Note payable	40,000	30,000
Other liabilities	489	769
Long-term deferred revenue	1,175	1,288
Long term income tax payable	356	806
Restructuring liabilities, less current portion		622
Total long-term liabilities	42,020	33,485

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Non-controlling interest in subsidiary	667	617
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 80,081,520 and 78,571,349 shares, respectively; outstanding 44,930,303 and 45,462,744 shares, respectively	45	45
Additional paid-in capital	188,311	177,577
Treasury stock, at cost 35,151,217 shares and 33,108,605 shares, respectively	(137,336)	(127,338)
Accumulated other comprehensive income (loss)	742	(205)
Retained earnings	33,243	25,323
Total stockholders' equity	85,005	75,402
	\$ 181,509	\$ 169,764

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

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ACTUATE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30, 2010		Nine Months Ended September 30, 2009	
Revenues:				
License fees	\$ 17,765	\$ 8,620	\$ 37,387	\$ 25,907
Maintenance	20,077	19,340	56,037	56,889
Professional services	1,925	1,391	5,707	5,352
Total revenues	39,767	29,351	99,131	88,148
Costs and expenses:				
Cost of license fees	651	267	1,589	703
Cost of services	4,970	4,185	14,596	13,718
Sales and marketing	10,767	10,231	30,468	31,433
Research and development	6,304	4,998	18,574	15,256
General and administrative	4,916	5,085	19,288	14,717
Amortization of other purchased intangibles	529	170	1,351	510
Restructuring charges	7	129	671	240
Total costs and expenses	28,144	25,065	86,537	76,577
Income from operations	11,623	4,286	12,594	11,571
Interest income and other income (expense), net	25	(405)	(860)	179
Interest expense	(424)	(347)	(1,296)	(1,057)
Income before income taxes	11,224	3,534	10,438	10,693
Provision for income taxes	4,269	395	2,518	1,951
Net income	\$ 6,955	\$ 3,139	\$ 7,920	\$ 8,742
Basic net income per share	\$ 0.16	\$ 0.07	\$ 0.18	\$ 0.19
Shares used in basic per share calculation	44,669	45,580	45,002	45,026
Diluted net income per share	\$ 0.14	\$ 0.06	\$ 0.16	\$ 0.18
Shares used in diluted per share calculation	48,425	50,484	49,046	49,235

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

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ACTUATE CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Nine Months Ended September 30,	
	2010	2009
Operating activities		
Net income	\$ 7,920	\$ 8,742
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	4,239	5,367
Tax benefits from stock-based compensation	(536)	(2,649)
Amortization of other purchased intangibles	2,245	675
Amortization of debt issuance cost	215	210
Depreciation	1,422	1,643
Change in valuation allowance on deferred tax assets	(1,548)	(575)
Accretion on short-term debt securities	256	118
Net realized gain on Auction Rate Securities (ARS)	(1,934)	
Unrealized (gain)/loss on ARS		(678)
Net realized loss on fair value of put option	1,921	
Unrealized (gain)/loss on fair value of put option		607
Changes in operating assets and liabilities, net of acquired assets and assumed liabilities:		
Accounts receivable, net of allowance	14,343	7,649
Other current assets	2,747	(314)
Accounts payable	(1,398)	(1,248)
Accrued compensation	522	(165)
Other accrued liabilities	(5,249)	131
Deferred tax assets, net of liabil		