

ACTUATE CORP  
Form 10-Q  
November 04, 2011  
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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, 2011

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 a 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 October 31, 2011
Common Stock, par value \$.001 per share	48,701,741

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**Actuate Corporation**

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**ACTUATE CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

(in thousands except share and per share data)

(unaudited)

	September 30, 2011	December 31, 2010
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 43,414	\$ 33,269
Short-term investments	20,100	46,055
Accounts receivable, net of allowances of \$464 and \$615 at September 30, 2011 and December 31, 2010, respectively	21,992	28,642
Other current assets	8,179	5,845
Total current assets	93,685	113,811
Property and equipment, net	2,111	3,126
Goodwill	46,424	46,424
Purchased intangibles, net	11,984	15,492
Non-current deferred tax assets	15,054	15,336
Other assets	1,137	1,442
	\$ 170,395	\$ 195,631
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,201	\$ 1,589
Restructuring liabilities	109	1,285
Accrued compensation	4,621	5,950
Other accrued liabilities	4,688	5,051
Income taxes payable		2,030
Deferred revenue	43,675	44,600
Total current liabilities	54,294	60,505
Long-term liabilities:		
Note payable		40,000
Other liabilities	21	268
Long-term deferred revenue	1,717	1,347
Long-term income taxes payable	747	889
Long-term restructuring liabilities	133	
Total long-term liabilities	2,618	42,504

Commitments and contingencies (Note 8)

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Redeemable non-controlling interest in subsidiary	760	693
Stockholders' equity:		
Preferred stock, \$0.001 par value, issuable in series; 5,000,000 shares authorized; none issued or outstanding		
Common stock, \$0.001 par value, 100,000,000 shares authorized; issued 84,453,527 and 80,764,172 shares, respectively; outstanding 48,491,510 and 45,612,955 shares, respectively	48	46
Additional paid-in capital	210,283	192,048
Treasury stock, at cost; 35,962,017 and 35,151,217 shares, respectively	(142,334)	(137,335)
Accumulated other comprehensive income	1,774	1,200
Retained earnings	42,952	35,970
Total stockholders' equity	112,723	91,929
	\$ 170,395	\$ 195,631

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,		Nine months Ended September 30,	
	2011	2010	2011	2010
Revenues:				
License fees	\$ 11,815	\$ 17,765	\$ 35,914	\$ 37,387
Services	21,994	22,002	63,721	61,744
Total revenues	33,809	39,767	99,635	99,131
Costs and expenses:				
Cost of license fees	424	651	1,366	1,589
Cost of services	4,998	4,970	15,653	14,596
Sales and marketing	10,423	10,767	31,819	30,468
Research and development	5,830	6,304	18,480	18,574
General and administrative	4,885	4,916	15,623	19,288
Amortization of other purchased intangibles	289	529	1,007	1,351
Asset impairment			1,681	
Restructuring charges	158	7	889	671
Total costs and expenses	27,007	28,144	86,518	86,537
Income from operations	6,802	11,623	13,117	12,594
Interest income and other income/(expense), net	982	25	(840)	(860)
Interest expense	(136)	(424)	(781)	(1,296)
Income before income taxes	7,648	11,224	11,496	10,438
Provision for income taxes	2,926	4,269	4,514	2,518
Net income	\$ 4,722	\$ 6,955	\$ 6,982	\$ 7,920
Basic net income per share	\$ 0.10	\$ 0.16	\$ 0.15	\$ 0.18
Shares used in basic per share calculation	48,058	44,669	46,873	45,002
Diluted net income per share	\$ 0.09	\$ 0.14	\$ 0.14	\$ 0.16
Shares used in diluted per share calculation	52,285	48,425	51,224	49,046

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)**

	<b>Nine months Ended September 30,</b>	
	<b>2011</b>	<b>2010</b>
<b>Operating activities</b>		
Net income	\$ 6,982	\$ 7,920
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense related to stock options and employee stock purchase plan	3,888	4,239
Excess tax benefit from exercise of stock options	(2,729)	(536)
Amortization of other purchased intangibles	1,827	2,245
Amortization of debt issuance cost	216	215
Depreciation	1,524	1,422
Change in valuation allowance on deferred tax assets	1	(1,548)
Impairment of intangible assets	1,681	
Accretion/amortization on short-term debt securities	(294)	256
Realized gain on Auction Rate Securities (ARS)		(1,934)
Realized loss on fair value of put option		1,921
Changes in operating assets and liabilities, net of acquired assets and assumed liabilities:		
Accounts receivable, net of allowances	6,650	14,343
Other current assets	96	2,747
Accounts payable	(388)	