

ACTUATE CORP  
Form 10-Q  
May 04, 2012  
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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 March 31, 2012

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.

<b>Title of Class</b>	<b>Outstanding as of April 30, 2012</b>
Common Stock, par value \$.001 per share	49,281,849

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**Actuate Corporation**

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	<b>March 31, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 39,005	\$ 38,759
Short-term investments	28,659	28,669
Accounts receivable, net of allowances of \$714 and \$720 at March 31, 2012 and December 31, 2011, respectively	27,642	26,844
Other current assets	8,227	7,131
<b>Total current assets</b>	<b>103,533</b>	<b>101,403</b>
Property and equipment, net	3,525	1,927
Goodwill	46,424	46,424
Purchased intangibles, net	10,859	11,421
Non-current deferred tax assets, net	14,901	14,876
Other assets	769	853
	<b>\$ 180,011</b>	<b>\$ 176,904</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,754	\$ 1,521
Current portion of restructuring liabilities	80	98
Accrued compensation	4,688	5,992
Other accrued liabilities	4,402	5,872
Deferred revenue	42,947	43,045
<b>Total current liabilities</b>	<b>53,871</b>	<b>56,528</b>
Long-term liabilities:		
Other liabilities	33	20
Long-term deferred revenue	1,491	1,717
Long-term income taxes payable	1,671	1,670
Restructuring liabilities, net of current portion	82	106
<b>Total long-term liabilities</b>	<b>3,277</b>	<b>3,513</b>
Stockholders' equity:		
Preferred stock, \$0.001 par value, issuable in series; 5,000,000 shares authorized; none issued or outstanding	49	48

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Common stock, \$0.001 par value, 100,000,000 shares authorized; issued 86,544,752 and 85,270,644 shares, respectively; outstanding 49,007,685 and 48,518,460 shares, respectively

Additional paid-in capital	221,046	214,770
Treasury stock, at cost; 37,537,067 and 36,752,184 shares, respectively	(152,330)	(147,331)
Accumulated other comprehensive income	2,264	1,419
Retained earnings	51,834	47,957
Total stockholders' equity	122,863	116,863
	\$ 180,011	\$ 176,904

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

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

(in thousands, except per share data)

(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Revenues:</b>		
License fees	\$ 13,392	\$ 11,657
Services	21,444	20,431
<b>Total revenues</b>	<b>34,836</b>	<b>32,088</b>
<b>Costs and expenses:</b>		
Cost of license fees	465	481
Cost of services	5,257	5,431
Sales and marketing	10,874	11,025
Research and development	5,805	6,381
General and administrative	5,847	5,434
Amortization of purchased intangibles	289	359
Restructuring charges	18	294
<b>Total costs and expenses</b>	<b>28,555</b>	<b>29,405</b>
Income from operations	6,281	2,683
Interest income and other income/(expense), net	(307)	280
Interest expense	(139)	(412)
<b>Income before provision for income taxes</b>	<b>5,835</b>	<b>2,551</b>
Provision for income taxes	1,958	872
<b>Net income</b>	<b>\$ 3,877</b>	<b>\$ 1,679</b>
Basic net income per share	\$ 0.08	\$ 0.04
Shares used in basic net income per share calculation	49,013	45,868
Diluted net income per share	\$ 0.07	\$ 0.03
Shares used in diluted net income per share calculation	52,681	50,262

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

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**ACTUATE CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(in thousands, unaudited)**

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2012</b>	<b>2011</b>
Net income	\$ 3,877	\$ 1,679
Other comprehensive income, before tax:		
Foreign currency translation	793	475
Net unrealized gain on securities	52	2
Other comprehensive income before tax	845	477
Tax provision related to items of other comprehensive income	284	163
Other comprehensive income, net of tax	561	314
Comprehensive income	\$ 4,438	\$ 1,993

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>Three Months Ended March 31,</b>	
	<b>2012</b>	<b>2011</b>
<b>Operating activities</b>		
Net income	\$ 3,877	\$ 1,679
Adjustments to reconcile net income to net cash from operating activities:		
Stock based compensation expense, net of liability-based awards	1,459	1,219
Excess tax benefits from stock based compensation	(1,664)	(94)
Amortization of purchased intangibles	562	633
Amortization of debt issuance cost	17	72
Depreciation	406	516
Accretion/amortization on short-term investments	43	166
Change in valuation allowance on deferred tax assets	(81)	54
Impairment of assets	89	
Changes in operating assets and liabilities, net of acquired assets and assumed liabilities:		
Accounts receivable	(798)	(1,549)
Other current assets	(175)	(592)
Accounts payable	187	124
Accrued compensation	(1,304)	(489)
Other accrued liabilities	(1,470)	725
Deferred tax assets, net of liabilities	56	(159)
Income taxes receivable/payable	839	(1,358)
Other deferred liabilities	13	(96)
Restructuring liabilities	(42)	(437)
Deferred revenue	(324)	2,060
<b>Net cash generated by operating activities</b>	<b>1,690</b>	<b>2,474</b>
<b>Investing activities</b>		
Purchase of property and equipment	(2,049)	(322)
Proceeds from maturities of short-term investments	8,072	15,111
Purchase of short-term investments	(8,052)	(14,333)
Net change in other non-current assets	(8)	(2)
<b>Net cash generated by (used in) investing activities</b>	<b>(2,037)</b>	<b>454</b>
<b>Financing activities</b>		
Credit facility related payments	(33)	