

ACTUATE CORP  
Form 10-Q  
August 07, 2013  
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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 June 30, 2013

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.)

**951 Mariners Island Boulevard,**

**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:**

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 July 31, 2013</b>
Common Stock, par value \$.001 per share	47,939,341

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**Actuate Corporation**

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	<b>June 30, 2013</b>	<b>December 31, 2012</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 40,884	\$ 37,483
Short-term investments	33,109	28,967
Accounts receivable, net of allowances of \$375 and \$394 at June 30, 2013 and December 31, 2012, respectively	26,583	33,053
Other current assets	9,292	9,098
<b>Total current assets</b>	<b>109,868</b>	<b>108,601</b>
Property and equipment, net	6,939	7,805
Goodwill	51,640	51,821
Purchased intangibles, net	9,856	11,163
Non-current deferred tax assets, net	12,452	12,214
Other assets	736	911
	<b>\$ 191,491</b>	<b>\$ 192,515</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 1,357	\$ 1,976
Current portion of restructuring liabilities	269	509
Accrued compensation	7,069	6,504
Other accrued liabilities	5,546	5,626
Deferred revenue	41,948	43,438
<b>Total current liabilities</b>	<b>56,189</b>	<b>58,053</b>
Long-term liabilities:		
Notes payable	830	843
Other liabilities	3,193	3,157
Long-term deferred revenue	2,316	2,978
Long-term income taxes payable	2,401	2,127
<b>Total long-term liabilities</b>	<b>8,740</b>	<b>9,105</b>
Stockholders' equity:		
Preferred stock, \$0.001 par value, issuable in series; 5,000,000 shares authorized; none issued or outstanding	48	48

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Common stock, \$0.001 par value, 100,000,000 shares authorized; issued 90,229,487 and 89,179,966 shares, respectively; outstanding 47,677,105 and 48,220,978 shares, respectively

Additional paid-in capital	246,266	237,731
Treasury stock, at cost; 42,552,382 and 40,958,988 shares, respectively	(182,878)	(172,880)
Accumulated other comprehensive income	534	2,198
Retained earnings	62,592	58,260
Total stockholders' equity	126,562	125,357
	\$ 191,491	\$ 192,515

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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
<b>Revenues:</b>				
License fees	\$ 16,155	\$ 15,693	\$ 31,635	\$ 29,085
Services	18,747	20,535	38,185	41,979
<b>Total revenues</b>	<b>34,902</b>	<b>36,228</b>	<b>69,820</b>	<b>71,064</b>
<b>Costs and expenses:</b>				
Cost of license fees	551	492	1,124	957
Cost of services	4,431	4,823	9,414	10,080
Sales and marketing	14,316	12,870	28,090	23,744
Research and development	6,382	5,803	12,942	11,608
General and administrative	6,168	5,711	12,048	11,558
Amortization of other purchased intangibles	301	289	564	578
Restructuring charges	523	15	591	33
<b>Total costs and expenses</b>	<b>32,672</b>	<b>30,003</b>	<b>64,773</b>	<b>58,558</b>
Income from operations	2,230	6,225	5,047	12,506
Interest income and other income/(expense), net	17	896	317	589
Interest expense	(60)	(61)	(120)	(200)
<b>Income before income taxes</b>	<b>2,187</b>	<b>7,060</b>	<b>5,244</b>	<b>12,895</b>
Provision for income taxes	874	1,499	912	3,457
<b>Net income</b>	<b>\$ 1,313</b>	<b>\$ 5,561</b>	<b>\$ 4,332</b>	<b>\$ 9,438</b>
Basic net income per share	\$ 0.03	\$ 0.11	\$ 0.09	\$ 0.19
Shares used in basic per share calculation	47,781	49,218	47,980	49,124
Diluted net income per share	\$ 0.03	\$ 0.11	\$ 0.09	\$ 0.18
Shares used in diluted per share calculation	50,471	52,949	50,593	52,838

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 June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Net income	\$ 1,313	\$ 5,561	\$ 4,332	\$ 9,438
Other comprehensive income, before tax:				
Foreign currency translation	\$ (250)	\$ (889)	\$ (1,585)	\$ (96)
Net unrealized gain/(loss) on securities	\$ (55)	\$ (38)	\$ (79)	\$ 14
<b>Total comprehensive income</b>	<b>\$ 1,008</b>	<b>\$ 4,634</b>	<b>\$ 2,668</b>	<b>\$ 9,356</b>

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>Six Months Ended</b>	
	<b>June 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Operating activities</b>		
Net income	\$ 4,332	\$ 9,438
Adjustments to reconcile net income to net cash provided by operating activities:		
Share-based compensation expense	4,091	3,228
Excess tax benefit from exercise of stock options	(814)	(2,067)
Amortization of other purchased intangibles	1,274	1,125
Amortization of debt issuance cost		