

CITRIX SYSTEMS INC  
Form 10-Q  
August 08, 2011  
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, 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 Number 0-27084

**CITRIX SYSTEMS, INC.**

*(Exact name of registrant as specified in its charter)*

Edgar Filing: CITRIX SYSTEMS INC - Form 10-Q

**Delaware**  
*(State or other jurisdiction of  
incorporation or organization)*

**75-2275152**  
*(IRS Employer  
Identification No.)*

**851 West Cypress Creek Road**

**Fort Lauderdale, Florida**  
*(Address of principal executive offices)*

**33309**  
*(Zip Code)*

**Registrant's Telephone Number, Including Area Code:**

**(954) 267-3000**

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 definitions of large accelerated filer, accelerated filer and smaller reporting company in 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  
 Non-accelerated filer  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

As of August 1, 2011 there were 188,286,857 shares of the registrant's Common Stock, \$.001 par value per share, outstanding.

**Table of Contents**

**CITRIX SYSTEMS, INC.**

**Form 10-Q**

**For the Quarterly Period Ended June 30, 2011**

**CONTENTS**

	<b>Page Number</b>
<b>PART I:</b>	
<b><u>FINANCIAL INFORMATION</u></b>	
Item 1.	
<u>Condensed Consolidated Financial Statements</u>	
<u>Condensed Consolidated Balance Sheets: June 30, 2011 and December 31, 2010 (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Income: Three and Six Months ended June 30, 2011 and 2010 (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows: Six Months ended June 30, 2011 and 2010 (Unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6
Item 2.	
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
Item 3.	
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
Item 4.	
<u>Controls and Procedures</u>	40
<b>PART II:</b>	
<b><u>OTHER INFORMATION</u></b>	
Item 1.	
<u>Legal Proceedings</u>	41
Item 1A.	
<u>Risk Factors</u>	41
Item 2.	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
Item 5.	
<u>Other Information</u>	42
Item 6.	
<u>Exhibits</u>	42
<u>Signature</u>	43

**Table of Contents****PART I: FINANCIAL INFORMATION****ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****CITRIX SYSTEMS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)**

	June 30, 2011	December 31, 2010
	(In thousands, except par value)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 430,816	\$ 396,162
Short-term investments available-for-sale	467,605	497,643
Accounts receivable, net of allowances of \$4,835 and \$4,259 at June 30, 2011 and December 31, 2010, respectively	338,734	378,395
Inventories, net	7,332	6,980
Prepaid expenses and other current assets	122,973	105,073
Current portion of deferred tax assets, net	85,096	86,226
<b>Total current assets</b>	<b>1,452,556</b>	<b>1,470,479</b>
Long-term investments available-for-sale	800,649	791,854
Property and equipment, net	272,685	250,482
Goodwill	1,043,014	921,100
Other intangible assets, net	188,348	178,144
Long-term portion of deferred tax assets, net	56,805	43,815
Other assets	55,632	47,726
	<b>\$ 3,869,689</b>	<b>\$ 3,703,600</b>
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 61,056	\$ 65,842
Accrued expenses and other current liabilities	265,622	289,838
Current portion of deferred revenues	711,627	664,332
<b>Total current liabilities</b>	<b>1,038,305</b>	<b>1,020,012</b>
Long-term portion of deferred revenues	118,178	114,638
Other liabilities	49,717	8,362
Commitments and contingencies		
Equity:		
Citrix Systems, Inc. stockholders equity		
Preferred stock at \$.01 par value: 5,000 shares authorized, none issued and outstanding		
Common stock at \$.001 par value: 1,000,000 shares authorized; 281,348 and 277,992 shares issued and outstanding at June 30, 2011 and December 31, 2010, respectively	281	278
Additional paid-in capital	3,268,305	3,112,186
Retained earnings	2,010,596	1,855,149
Accumulated other comprehensive income	12,919	2,023
	<b>5,292,101</b>	<b>4,969,636</b>

## Edgar Filing: CITRIX SYSTEMS INC - Form 10-Q

Less common stock in treasury, at cost (93,327 and 90,502 shares at June 30, 2011 and December 31, 2010, respectively)	(2,628,612)	(2,416,645)
Total Citrix Systems, Inc. stockholders equity	<b>2,663,489</b>	2,552,991
Non-controlling interest		7,597
Total equity	<b>2,663,489</b>	2,560,588
	<b>\$ 3,869,689</b>	\$ 3,703,600

See accompanying notes.

Table of Contents

## CITRIX SYSTEMS, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

	Three Months Ended June 30, 2011		Six Months Ended June 30, 2010	
	2011	2010	2011	2010
	(In thousands, except per share information)			
<b>Revenues:</b>				
Product licenses	\$ 171,326	\$ 148,733	\$ 321,586	\$ 271,439
License updates	183,875	168,601	361,751	331,556
Online services	106,479	89,211	206,251	174,161
Technical services	69,110	51,888	132,090	95,549
Total net revenues	530,790	458,433	1,021,678	872,705
<b>Cost of net revenues:</b>				
Cost of product license revenues	18,448	15,149	32,489	27,800
Cost of services revenues	37,906	25,989	68,572	49,679
Amortization of product related intangible assets	12,542	12,417	25,241	24,775
Total cost of net revenues	68,896	53,555	126,302	102,254
Gross margin	461,894	404,878	895,376	770,451
<b>Operating expenses:</b>				
Research and development	83,312	79,543	166,030	157,245
Sales, marketing and services	199,359	186,601	393,602	357,121
General and administrative	79,696	60,805	151,801	121,424
Amortization of other intangibles	3,937	3,776	7,446	7,933
Restructuring		335	24	835
Total operating expenses	366,304	331,060	718,903	644,558
Income from operations	95,590	73,818	176,473	125,893
Interest income	3,727	3,837	7,666	7,393
Other income (expense), net	1,361	(2,962)	4,994	(2,585)
Income before income taxes	100,678	74,693	189,133	130,701
Income taxes	19,270	27,136	34,378	35,795
Consolidated net income	81,408	47,557	154,755	94,906
Less: Net loss attributable to non-controlling interest	536		692	
Net income attributable to Citrix Systems, Inc.	\$ 81,944	\$ 47,557	\$ 155,447	\$ 94,906
<b>Net income per share attributable to Citrix Systems, Inc. stockholders:</b>				
Net income per share attributable to Citrix Systems, Inc. stockholders basic	\$ 0.44	\$ 0.26	\$ 0.83	\$ 0.51
Net income per share attributable to Citrix Systems, Inc. stockholders diluted	\$ 0.43	\$ 0.25	\$ 0.81	\$ 0.50
<b>Weighted average shares outstanding:</b>				

Edgar Filing: CITRIX SYSTEMS INC - Form 10-Q

Basic	<b>187,691</b>	185,256	<b>187,810</b>	184,703
Diluted	<b>191,412</b>	189,278	<b>191,636</b>	189,126

See accompanying notes.

**Table of Contents**

**CITRIX SYSTEMS, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Unaudited)**