

AVID TECHNOLOGY INC
Form 10-Q
August 08, 2007

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, 2007**

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: **0-21174**

Avid Technology, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction of
Incorporation or Organization)

04-2977748

(I.R.S. Employer
Identification No.)

Avid Technology Park, One Park West

Edgar Filing: AVID TECHNOLOGY INC - Form 10-Q

Tewksbury, Massachusetts 01876

(Address of Principal Executive Offices, Including Zip Code)

(978) 640-6789

(Registrant's Telephone Number, Including Area Code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Accelerated Filer

Non-accelerated Filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the registrant's Common Stock as of July 31, 2007 was 40,710,000.

AVID TECHNOLOGY, INC.

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
<u>PART I.</u>	
<u>FINANCIAL INFORMATION</u>	
<u>ITEM 1.</u>	
<u>Condensed Consolidated Financial Statements:</u>	
<u>Condensed Consolidated Statements of Operations (unaudited) for</u> <u>the three and six months ended June 30, 2007 and 2006</u>	1
<u>Condensed Consolidated Balance Sheets (unaudited) as of</u> <u>June 30, 2007 and December 31, 2006</u>	2
<u>Condensed Consolidated Statements of Cash Flows (unaudited) for</u> <u>the six months ended June 30, 2007 and 2006</u>	3
<u>Notes to Condensed Consolidated Financial Statements (unaudited)</u>	4
<u>ITEM 2.</u>	
<u>Management's Discussion and Analysis of Financial Condition and</u>	
<u>Results of Operations</u>	18
<u>ITEM 3.</u>	
<u>Quantitative and Qualitative Disclosure About Market Risk</u>	30
<u>ITEM 4.</u>	
<u>Controls and Procedures</u>	31
<u>PART II.</u>	
<u>OTHER INFORMATION</u>	
<u>ITEM 1.</u>	
<u>Legal Proceedings</u>	32
<u>ITEM 1A.</u>	
<u>Risk Factors</u>	32
<u>ITEM 2.</u>	
<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	33
<u>ITEM 4.</u>	
<u>Submission of Matters to a Vote of Security Holders</u>	33
<u>ITEM 6.</u>	
<u>Exhibits</u>	33
<u>SIGNATURES</u>	34
<u>EXHIBIT INDEX</u>	35

This Quarterly Report on Form 10-Q includes forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and Section 27A of the Securities Act of 1933, as amended. For this purpose, any statements contained herein regarding our strategy, future plans or operations, financial position, future revenues, projected costs, prospects and objectives of management, other than statements of historical facts, may be deemed to be forward-looking statements. Without limiting the foregoing, the words believes, anticipates, plans, expects and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. We cannot guarantee that we actually will achieve the plans, intentions or expectations expressed or implied in forward-looking statements. There are a number of factors that could cause actual events or results to differ materially from those indicated or implied by such forward-looking statements, many of which are beyond our control, including the factors discussed in Part I - Item 1A under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2006, and as referenced in Part II - Item 1A of this report. In addition, the forward-looking statements contained herein represent our estimates only as of the date of this filing and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update these

Edgar Filing: AVID TECHNOLOGY INC - Form 10-Q

forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, whether to reflect actual results, changes in assumptions, changes in other factors affecting such forward-looking statements or otherwise.

PART I. FINANCIAL INFORMATION**ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****AVID TECHNOLOGY, INC.****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(in thousands except per share data, unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2007	2006	June 30, 2007	2006
Net revenues:				
Products	\$ 192,370	\$ 197,960	\$ 384,813	\$ 392,323
Services	32,956	24,266	59,411	47,973
Total net revenues	225,326	222,226	444,224	440,296
Cost of revenues:				
Products	92,991	93,819	185,703	185,180
Services	17,454	13,812	33,433	27,127
Amortization of intangible assets	4,761	5,016	9,233	10,096
Total cost of revenues	115,206	112,647	228,369	222,403
Gross profit	110,120	109,579	215,855	217,893
Operating expenses:				
Research and development	38,444	35,617	76,186	71,113
Marketing and selling	56,505	52,583	108,199	102,495
General and administrative	17,698	15,853	35,550	30,990
Amortization of intangible assets	3,431	3,977	6,863	7,642
Restructuring costs, net	1,517		1,775	1,066
In-process research and development				310
Total operating expenses	117,595	108,030		