

EBIX INC
Form 8-K/A
December 29, 2006

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 2, 2006**

Ebix, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-15946
(Commission
File Number)

77-0021975
(IRS Employer
Identification No.)

1900 East Golf Road, Schaumburg, Illinois
(Address of principal executive offices)

60173
(Zip Code)

Registrant's telephone number, including area code **(847) 789-3047**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

On October 4, 2006, Ebix, Inc. (the Company) filed a current report on Form 8-K (the Original Filing) in connection with the completion of its merger with Finetre Corporation (Finetre) The Company is amending the Original Filing to include the Financial Information required by Items 9.01(a) and 9.01(b).

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired.

The appropriate financial statements of the Finetre Corporation are filed herewith as Annex A.

(b) Pro Forma Financial Information.

The appropriate pro forma financial information of the Company is filed herewith as Annex B.

Exhibit No.	Exhibit
2.1	Agreement and Plan of Merger by and among Ebix Inc., Ebix Merger Sub Inc., Finetre Corporation and Steven F. Piaker, as Shareholders Representation dated September 22, 2006 (incorporated by reference to Exhibit 2.1 to the Company s Current Report on Form 8-K filed on October 4, 2006 and incorporated herein by reference).

FINETRE CORPORATION & Subsidiaries

Consolidated Financial Statements

December 31, 2005 and 2004

FINETRE CORPORATION & Subsidiaries

Report of Independent Auditors on the 2005 Financial Statements

Board of Directors
Finetre Corporation

We have audited the accompanying consolidated balance sheet of Finetre Corporation and subsidiaries as of December 31, 2005, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Finetre Corporation and subsidiaries at December 31, 2005, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

/s/ Reznick Group, P.C.

February 24, 2006, except for Note 13,
as to which the date is October 2, 2006

Report of Independent Auditors

Board of Directors
Finetre Corporation

We have audited the accompanying consolidated balance sheet of Finetre Corporation and subsidiaries as of December 31, 2004, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Finetre Corporation and subsidiaries at December 31, 2004, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young, LLP

March 30, 2005, except for Note 14,
as to which the date is December 20, 2006
McLean, Virginia

FINETRE CORPORATION & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31	
	2005	2004
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,883,815	\$ 3,208,410
Restricted cash and cash equivalents	376,187	
Investments in debt securities	3,007,027	3,000,000
Restricted investments in debt securities		499,847
Accounts receivable, net	321,206	925,878
Accounts receivable from related parties, net	61,182	520,806
Prepaid expenses	115,182	155,895
Capitalized costs associated with deferred revenue	167,304	98,566
	12,931,903	8,409,402
Property and Equipment		
Computer equipment	1,593,310	1,178,685
Office equipment and furnishings	318,197	312,259
Purchased software	412,299	452,586
Internally developed software	1,953,974	1,421,950
	4,277,780	3,365,480
Accumulated depreciation and amortization	(2,527,895)	(1,994,258)
	1,749,885	1,371,222
Other Assets		
Capitalized costs associated with deferred revenue and other	105,895	296,569
Total Assets	\$ 14,787,683	\$ 10,077,193

See accompanying notes to consolidated financial statements.

FINETRE CORPORATION & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31 2005	2004
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	\$ 117,294	\$ 220,532
Accrued payroll	519,214	566,841
Equipment loan		170,779
Dividend payable	3,003,588	
Deferred revenue	2,643,704	4,228,426
Implementation deposits	134,769	767,108
Other accrued expenses	336,976	615,652
	6,755,545	6,569,338
Long-Term Liabilities		
Deferred revenue	692,377	1,406,271
Implementation deposits	240,656	393,892
Deferred rent	86,160	186,741
Other accrued expenses		188,379
	1,019,193	2,175,283
Stock Subject to Mandatory Redemption (Revised - See Note 14)		
Series B-1 convertible preferred stock; par value \$0.0001 per share; 399,353 shares authorized, issued and outstanding at December 31, 2005 and 2004; liquidation preference of \$43,449,913 at December 31, 2005	43,449,913	42,683,833
Series B-2 convertible preferred stock; par value \$0.0001 per share; 723,286 shares authorized, 472,345 shares issued and outstanding at December 31, 2005 and 2004; liquidation preference of \$14,972,669 at December 31, 2005	14,972,669	13,548,020
	58,422,582	56,231,853
Stockholders' Deficit		
Class B convertible common stock; par value \$0.0001 per share; 1,243,475 shares authorized, issued and outstanding at December 31, 2005 and 2004	124	124
Class A common stock; par value \$0.0001 per share; 3,527,225 shares authorized, 424,065 shares issued and outstanding at December 31, 2005 and 2004	42	42
Accumulated deficit	(51,409,803)	(54,899,447)
Total Stockholders' Deficit	(51,409,637)	(54,899,281)
Total Liabilities and Stockholders' Deficit	\$ 14,787,683	\$ 10,077,193

See accompanying notes to consolidated financial statements.

FINETRE CORPORATION & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31	
	2005	2004
Revenue		
Services revenue	\$ 6,269,444	\$ 6,483,637
Services revenue from related parties	1,284,103	2,278,035
	7,553,547	8,761,672
Expenses		
Salaries and employee benefits	5,122,992	6,615,743
Selling, general and administrative	1,981,741	2,514,224
Marketing	256,789	213,873
Depreciation and amortization	897,905	718,328
	8,259,427	10,062,168
	(705,880)	(1,300,496)
Other Income and Expense		
Sale of VARDS product line	9,163,699	
Interest income	377,978	59,946
Other	8,164	(17,027)
	9,549,841	42,919
Income (Loss) Before Taxes	8,843,961	(1,257,577)
Income Tax Expense	(160,000)	
Net Income (Loss)	\$ 8,683,961	\$ (1,257,577)

See accompanying notes to consolidated financial statements.

FINETRE CORPORATION & Subsidiaries

Consolidated Statements of Changes in Stockholders DEFICIT

	Class B Common Stock Shares	\$	Class A Common Stock Shares	\$	Accumulated Deficit	Total
Balance at January 1, 2004	1,243,475	\$ 124	424,065	\$ 42	\$ (50,082,586)	\$ (50,082,420)
Proceeds from the sale of Class B common stock					1,627,182	1,627,182
Accretion of preferred stock liquidation preference					(5,186,466)	(5,186,466)
Net loss					(1,257,577)	(1,257,577)
Balance at December 31, 2004	1,243,475	124	424,065	42	(54,899,447)	(54,899,281)
Accretion of preferred stock liquidation preference					(4,920,752)	(4,920,752)
Dividend declaration					(273,565)	(273,565)
Net income					8,683,961	8,683,961
Balance at December 31, 2005	1,243,475	\$ 124	424,065	\$ 42	\$ (51,409,803)	\$ (51,409,637)

See accompanying notes to consolidated financial statements.

FINETRE CORPORATION & Subsidiaries

Consolidated Statements of Cash Flows

	Year Ended December 31	
	2005	2004
Cash Flows from Operating Activities		
Net Loss	\$ 8,683,961	\$ (1,257,577)
<i>Items Not Requiring Cash Outlays</i>		
Depreciation and amortization	897,905	718,328
Gain from the sale of VARDS	(9,163,699)	
(Gain) loss on disposal of fixed assets	(8,164)	22,710
<i>Changes in Accounts</i>		
Accounts receivable	(33,841)	(155,004)
Accounts receivable from related parties	459,624	(20,806)
Prepaid expenses	18,499	(5,180)
Capitalized implementation and professional services costs	112,031	(129,583)
Accounts payable	(370,427)	(47,360)
Accrued payroll	(47,627)	272,240
Deferred revenue	(317,107)	1,648,775
Implementation deposits	(785,575)	(334,796)
Deferred rent	(82,680)	(49,980)
Other	(483,854)	(353,260)
Net cash provided by (used in) operating activities	(1,120,954)	308,507
Cash Flows from Investing Activities		
Purchases of investments	(10,935,200)	(1,621,469)
Proceeds from maturities and sales of investments	11,074,451	502,778
Proceeds from the sale of VARDS product line	8,143,528	
Proceeds from the sale of property and equipment	10,575	929
Purchases of property and equipment	(779,435)	(193,741)
Capitalized internal-use software development costs	(532,025)	(526,029)
Net cash provided by (used in) investing activities	6,981,894	(1,837,532)
Cash Flows from Financing Activities		
Repayment of equipment loan	(185,535)	(149,791)
Net proceeds from sale of common stock		1,627,182
Net cash provided by (used in) financing activities	(185,535)	