

EBIX INC
Form 10-K/A
December 07, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 3

to

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

· **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 0-15946

EBIX, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction)

77-0021975
(I.R.S. Employer)

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of incorporation)

Identification Number)

5 Concourse Parkway, Suite 3200

Atlanta, Georgia
(Address of principal executive offices)

30328
(Zip Code)

Registrant's telephone number, including area code: (678) 281-2020

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act:

Title of each class

Common Stock, par value \$0.10 per share

Listed on the NASDAQ Global Capital Market

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark whether the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. 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 the definitions 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

As of March 15, 2012, the number of shares of Common Stock outstanding was 36,444,178. As of June 30, 2011 (the last business day of the registrant's most recently completed second fiscal quarter), the aggregate market value of Common Stock held by non-affiliates, based upon the last sale price of the shares as reported on the NASDAQ Global Capital Market on such date, was approximately \$564,509,202 (for this purpose, the Company has assumed that directors, executive officers and holders of more than 10% of the Company's common stock are affiliates).

Explanatory Note

The purpose of this third amendment to our Annual Report on Form 10-K for the year ended December 31, 2011, originally filed with the Securities and Exchange Commission on March 15, 2012 (the Original Report), as first amended on July 6, 2012 (the First Amendment), then and again amended on November 15, 2012 (the Second Amendment), is solely to provide the entire context of Item 8 Financial Statements and Supplementary Data to the changes made in the First Amendment. This amendment should be read in conjunction with the Company's full 2011 Annual Report on Form 10-K. A brief summary of the additional disclosure provided in third amended filing is as follows:

Part II Item 8 Financial Statements and Supplementary Data as previously amended, has now been expanded to include the auditor's report, audited financial statements, and the notes to the financial statements from the Original Report with the changes made in the First Amendment.

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PART II

Item 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Ebix, Inc.:

We have audited the accompanying consolidated balance sheets of Ebix, Inc. and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of income, stockholders' equity and comprehensive income, and cash flows for each of the three years in the period ended December 31, 2011. These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and schedule are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ebix, Inc. and subsidiaries at December 31, 2011 and 2010 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the related consolidated financial statement schedule for the years ended December 31, 2011, 2010 and 2009 when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2011, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated December 7, 2012 expressed an unqualified opinion thereon.

Cherry, Bekaert & Holland, L.L.P.

Atlanta, Georgia

December 7, 2012

Ebiz, Inc. and Subsidiaries

Consolidated Statements of Income

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
	(In thousands, except per share amounts)		
Operating revenue:	\$ 168,969	\$ 132,188	\$ 97,685
Operating expenses:			
Costs of services provided	33,589	29,599	21,274
Product development	19,208	13,607	11,362
Sales and marketing	13,642	6,372	5,040
General and administrative	26,268	24,065	16,798
Amortization and depreciation	7,514	6,038	3,955
Total operating expenses	100,221	79,681	58,429
Operating income	68,748	52,507	39,256
Interest income	557	519	199
Interest expense	(759)	(902)	(1,070)
Other non-operating income	647	6,319	89
Foreign exchange gain	4,302	1,211	1,358
Income before income taxes	73,495	59,654	39,832
Income tax provision	(2,117)	(635)	(1,010)
Net income	\$ 71,378	\$ 59,019	\$ 38,822
Basic earnings per common share*	\$ 1.89	\$ 1.69	\$ 1.24
Diluted earnings per common share*	\$ 1.75	\$ 1.51	\$ 1.03
Basic weighted average shares outstanding*	37,742	34,845	31,398
Diluted weighted average shares outstanding*	40,889	39,018	38,014

* Adjusted for all periods presented to reflect the effect of the 3-for-1 stock split dated January 4, 2010; see Note 2

Ebiz, Inc. and Subsidiaries

Consolidated Balance Sheets

	December 31, 2011	December 31, 2010
	(In thousands, except share amounts)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 23,696	\$ 23,397
Short-term investments	1,505	6,300
Trade accounts receivable, less allowances of \$1,719 and \$1,126, respectively	31,133	26,028
Deferred tax asset, net	2,981	
Other current assets	4,502	5,057
Total current assets	63,817	60,782
Property and equipment, net	8,834	7,806
Goodwill	259,218	180,602
Intangibles, net	38,386	22,574
Indefinite-lived intangibles	30,453	30,552
Deferred tax asset, net	9,412	
Other assets	1,062	984
Total assets	\$ 411,182	\$ 303,300
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 18,719	\$ 15,344
Accrued payroll and related benefits	5,034	4,536
Short term debt	6,667	5,000
Current portion of convertible debt, net of discount of \$0 and \$56, respectively		4,944
Current portion of long term debt and capital lease obligation	165	426
Deferred revenue	16,460	8,610
Current deferred rent	266	
Other current liabilities	2,468	225
Total current liabilities	49,779	39,085
Revolving line of credit	31,750	25,000
Other long term debt and capital lease obligation, less current portion	8,468	205
Deferred tax liability, net		3,534
Put option liability		537
Deferred revenue	328	126
Long term deferred rent	939	554
Other liabilities	3,803	2,991
Total liabilities	95,067	72,032
Commitments and Contingencies, Note 7		
Stockholders equity:		
Convertible Series D Preferred stock, \$.10 par value, 500,000 shares authorized, no shares issued and outstanding at December 31, 2011 and 2010		
Common stock*, \$.10 par value, 60,000,000 shares authorized, 36,418,385 issued and 36,377,876 outstanding at December 31, 2011 and 36,057,791 issued and 36,017,282 outstanding at December 31, 2010	3,638	3,602

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Additional paid-in capital	179,518	153,221
Treasury stock* (40,509 shares as of December 31, 2011 and December 31, 2010 respectively)	(76)	(76)
Retained earnings	137,559	67,642
Accumulated other comprehensive income (loss)	(4,524)	6,879
Total stockholders equity	316,115	231,268
Total liabilities and stockholders equity	\$ 411,182	\$ 303,300

* Adjusted for all periods presented to reflect the effect of the 3-for-1 stock split dated January 4, 2010; see Note 2
See accompanying notes to consolidated financial statements.

Ebix, Inc. and Subsidiaries

Consolidated Statements of Stockholders Equity and Comprehensive Income

	Common Stock*		Treasury Stock Shares	Treasury Stock	Additional Paid-in Capital*	Retained Earnings	Accumulated Other Comprehensive	Total	Comprehensive Income
	Issued Shares	Amount					(Loss) Income		
(In thousands, except share amounts)									
Balance, January 1, 2009	30,019,365	\$ 981	(179,235)	\$ (1,178)	\$ 111,641	\$ (30,199)	\$ (11,103)	\$ 70,142	
Net income						38,822		38,822	\$ 38,822
Cumulative translation adjustment							11,452	11,452	11,452
Comprehensive income									\$ 50,274
Exercise of stock options	302,163	10			1,555			1,565	
Deferred compensation and amortization related to options and restricted stock					1,369			1,369	
Repurchase of common stock	(48,672)	(2)	(31,950)	(205)	(298)			(505)	
Retirement of treasury stock	(170,676)		170,676	1,307	(1,307)				
Conversion of principal and interest on Convertible promissory notes									